



CITY OF LONG BEACH

R-24

DEPARTMENT OF PUBLIC WORKS

333 WEST OCEAN BOULEVARD • LONG BEACH, CA 90802 • (562) 570-6383 • FAX (562) 570-6012

June 20, 2017

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary to enter into on-bill financing agreements with Southern California Edison, to fund the conversion of the City's remaining streetlights, including the historic and decorative types, and the City's park lighting at six regional parks, to light emitting diode fixtures;

Increase appropriations in the Gas Fund (EF 330) in the Long Beach Gas and Oil Department (GO) by \$1,136,541, offset by funds available;

Increase appropriations in the General Capital Project Fund (CP) in the Public Works Department (PW) by \$2,327,557, offset by SCE incentives, SCE on-bill financing, and a transfer of funds from the Long Beach Gas and Oil Department (GO); and,

Accept Categorical Exemption Nos. CE-17-123 and CE-17-140. (Districts 1, 5, 6, 7, 9)

DISCUSSION

City Council approval is requested to enter into agreements with Southern California Edison (SCE) for on-bill financing (OBF) to help fund the installation of light emitting diode (LED) fixtures for the City's remaining streetlights, including the historic and decorative types, and at six City parks. OBF is a financial mechanism that enables SCE customers to finance qualified energy efficiency projects. SCE's OBF program provides zero-interest, no-fee loans that can be conveniently repaid through the City's monthly energy bills. This project is also eligible to receive financial incentives from SCE that will lower monthly electricity costs. The City Council last approved the use of this financial mechanism for converting the City's streetlight system to LED on December 1, 2015.

The City's contractor, City Light & Power (CLP), completed the LED retrofit of traffic safety intersection lights (Phase 1) and is making significant progress in converting nearly 24,000 of the City's streetlights to LED (Phase 2), which is anticipated to be completed by the end of 2017.

This project consists of Phases 3 and 4. Phase 3 will retrofit approximately 4,400 streetlights to LED, half of which are historic and decorative types. The majority of these streetlights require customized SCE incentive applications, which were not included under Phase 2. The estimated project cost of Phase 3 is \$2,006,758.

Phase 4 will retrofit approximately 502 lights with LED fixtures at all six regional parks within the City: Silverado, Houghton, McBride, El Dorado West, El Dorado East, and Cesar Chavez. The estimated project cost of Phase 4 is \$320,798.

Incentives and OBF are provided through SCE by the California Public Utilities Commission's (CPUC) set-aside of ratepayer money. Staff is working with The Energy Network, a program fully funded by utility ratepayer funds, overseen by the County of Los Angeles, and operated under the auspices of the CPUC, to apply for incentives and OBF. For Phase 3 specifically, the City will apply for \$384,305 in incentives and the ability to finance \$634,120 of project costs through the OBF program. For Phase 4, the City will apply for \$34,384 in incentives to retrofit the park fixtures and the ability to finance \$138,207 of the project costs.

While incentives and OBF fund a portion of the project costs, they do not cover project-related expenses such as project oversight and inspections. However, staff conservatively estimates \$178,520 and \$27,061 in total energy and maintenance cost savings the first year for Phase 3 and Phase 4, respectively, with savings projected to rise with utility rate increases and inflation. Staff expects an 8.8-year payback for Phase 3 considering an estimated loan amount of \$634,120 and out-of-pocket expenses totaling \$988,333. Staff expects a 10.3-year payback for Phase 4 considering an estimated loan amount of \$138,207 and out-of-pocket expenses totaling \$148,207.

The City's out-of-pocket expenses totaling \$1,136,541, will be supported by funds available from the Long Beach Gas and Oil Department's (GO) auction proceeds related to the sale of greenhouse gas (GHG) allowances under the State's Cap-and-Trade Program as established by the California Global Warming Solutions Act of 2006 (AB 32). Revenues received from the Cap-and-Trade Program must be invested in projects that benefit the ratepayers, reducing greenhouse gas emissions and improving the environment.

In conformance with the California Environmental Quality Act, Categorical Exemption Nos. CE-17-123 and CE-17-140 were issued on May 9, 2017 and May 30, 2017, respectively, for this project (Exhibits A and B).

This matter was reviewed by Deputy City Attorney Linda T. Vu on May 30, 2017 and by Budget Analysis Officer Julissa Jose-Murray on June 9, 2017.

TIMING CONSIDERATIONS

City Council action is requested on June 20, 2017, to execute the necessary agreements with SCE to finance Phases 3 and 4 LED conversions and begin work in Fall 2017.

FISCAL IMPACT

Total project costs are estimated at \$2,327,557 and include management, construction, inspections, and contingency for Phases 3 and 4. The project will be funded, as currently estimated, through a combination of sources as follows:

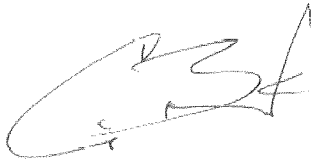
Source	Amount
SCE Incentives	\$ 418,689
SCE On-Bill Financing	\$ 772,327
Cap-and-Trade Proceeds	\$ 1,136,541
Total	\$ 2,327,557

An appropriation increase in the amount of \$2,327,557 is requested in the Capital Projects Fund (CP) in the Public Works Department (PW) to implement the project, offset by SCE incentives, SCE on-bill financing, and Cap-and-Trade proceeds. An appropriation increase in the amount of \$1,136,541 is requested in the Gas Fund (EF 301) in the Long Beach Gas and Oil Department (GO) to facilitate the transfer of Cap-and-Trade auction proceeds in support of the project. There is no local job impact associated with the recommended action.

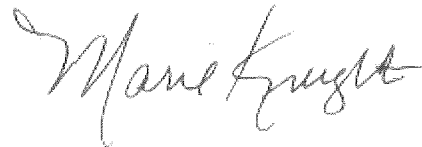
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CRAIG A. BECK
DIRECTOR OF PUBLIC WORKS



MARIE KNIGHT
DIRECTOR OF PARKS,
RECREATION AND MARINE



ROBERT DOWELL
DIRECTOR OF LONG BEACH GAS AND OIL

ATTACHMENTS: EXHIBIT A: CEQA No. CE-17-123
EXHIBIT B: CEQA No. CE-17-140

APPROVED:


PATRICK H. WEST
CITY MANAGER



NOTICE of EXEMPTION from CEQA

CITY OF LONG BEACH | DEPARTMENT OF DEVELOPMENT SERVICES
333 W. OCEAN BLVD., 5TH FLOOR, LONG BEACH, CA 90802
(562) 570-6194 FAX: (562) 570-6068
lbs.longbeach.gov

TO: Office of Planning & Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: Department of Development Services
333 W. Ocean Blvd, 5th Floor
Long Beach, CA 90802

L.A. County Clerk
Environmental Fillings
12400 E. Imperial Hwy., Room 1201
Norwalk, CA 90650

Project Title: CE- 17-123

Project Location/Address: 6 Regional Parks: Silverado; Cesar Chavez; Houghton; McBride; El Dorado West; El Dorado East

Project Activity/Description: Replace 502 existing HPS light fixtures with 4000K LED

Public Agency Approving Project: City of Long Beach, Los Angeles County, California

Applicant Name: Mark Whitaker

Mailing Address: 333 West Ocean Boulevard, 9th Floor

Phone Number: (562) 570-6468

Applicant Signature: Malcolm

BELOW THIS LINE FOR STAFF USE ONLY

Application Number: N/A Planner's Initials: IB

Required Permits: N/A

THE ABOVE PROJECT HAS BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH STATE GUIDELINES SECTION

15302 (c)

Statement of support for this finding:

REPLACEMENT OF EXISTING UTILITY INVOLVING
NEGLECTIBLE EXPANSION OF CAPACITY

Contact Person: IRA BROWN

Contact Phone: 562-570-5972

Signature: [Signature]

Date: MAY 9, 2017



NOTICE of EXEMPTION from CEQA

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L.A. County Clerk
Environmental Fillings
12400 E. Imperial Hwy., Room 1201
Norwalk, CA 90650

Project Title: CE- 17-140

Project Location/Address: Various locations throughout the City.

Project Activity/Description: _____

Replace existing High Pressure Sodium (HPS) street light fixtures and/or lamps with Light Emitting Diodes (LED) street light fixtures and/or lamps.

Public Agency Approving Project: **City of Long Beach, Los Angeles County, California**

Applicant Name: Keith Hoey

Mailing Address: 333 West Ocean Boulevard, 9th Floor

Phone Number: (562) 570-6586 Applicant Signature: Keith Hoey

BELOW THIS LINE FOR STAFF USE ONLY

Application Number: N/A Planner's Initials: IB

Required Permits: N/A

THE ABOVE PROJECT HAS BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH STATE GUIDELINES SECTION _____

15301 (D)

Statement of support for this finding: _____

REHABILITATION OF EQUIPMENT TO MEET CURRENT STANDARDS.

Contact Person: IRA BROWN
Signature: [Signature]

Contact Phone: 562-570-8972
Date: 5-30-17