



Legislation Text

File #: 17-1033, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute all documents necessary to enter into On-Bill Financing agreements with Southern California Edison (SCE), and any other necessary documents, to fund the conversion of the City's park lighting;

Increase appropriations in the General Capital Project Fund (CP) in the Public Works Department (PW) by \$101,115, offset by a combination of revenue from SCE incentives and SCE On-Bill Financing; and

Accept Categorical Exemption CE-17-140. (Citywide)

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 park lighting. On June 20, 2017, the City Council approved OBF for LED conversion at six regional parks. The remaining City parks require approximately 900 LED lights to be retrofit. Significant progress has been made in the conversion to LED fixtures on the City's streetlights. This is considered Phase 4B of the overall project.

OBF is a financial mechanism that enables SCE customers to finance qualified energy efficiency projects. SCE's program provides zero-interest, no-fee loans that can be conveniently repaid through the City's monthly SCE bills. In addition, this project can receive financial incentives from SCE, will lower monthly electricity costs, and produce long-term energy savings.

City Light & Power's (CLP), the City's contractor, proposed cost to convert the park lights to LED fixtures is \$332,497. Staff will work with The Energy Network, a program funded by utility ratepayer funds, overseen by the County of Los Angeles, and operated under the auspices of the California Public Utilities Commission, and with SCE, to apply for those incentives and OBF funds. Specifically, the City will apply for \$19,139 in incentives after retrofit of certain fixtures, and the ability to finance \$81,976 of the project costs through an OBF program. The incentives and financing do not equal the total project cost because there are approximately 600 "cobra-head" streetlight-style fixtures that cannot be converted in time to enter into OBF agreements. There is a possibility that these 600 fixtures may qualify for incentives of \$55,551 if they are received in time to install prior to the December 31, 2017 deadline of the incentive program.

While incentives and OBF can fund some of the costs, they do not cover project-related costs such as inspections and oversight. The total costs include a 15 percent contingency of \$49,875 to allow for unexpected conditions in the field, including potential resident requests for light shields and modifications, along with \$16,681 for project management, inspection,

reporting and filings with SCE, and CIP overhead costs.

Staff conservatively anticipates \$59,691 in energy and maintenance savings in the first year, with savings projected to increase at approximately 1 percent annually to reflect consumer price index increases. With an unreimbursed project cost of \$297,938, staff expects approximately a five-year pay back on energy and maintenance savings alone.

In conformance with the California Environmental Quality Act, Categorical Exemption CE-17-140 was issued for this project (Attachment A).

This matter was reviewed by Deputy City Attorney Linda T. Vu on October 31, 2017 and by Budget Analysis Officer Julissa Jose-Murray on November 1, 2017.

City Council action is requested on November 14, 2017, to execute the necessary agreements with SCE to finance the conversion to LEDs before the December 31, 2017 incentive program deadline.

Total project costs are estimated at \$399,053 and include management, construction, inspections, and contingency for Phase 4B. The project will be funded, as currently estimated through a combination of sources as follows:

Source	Amount
SCE Incentives	\$19,139
SCE On Bill Financing	\$81,976
Cap-and-Trade Proceeds	\$297,938
Total	\$399,053

An appropriation increase in the amount of \$101,115 is requested in the Capital Projects Fund (CP) in the Public Works Department (PW) to implement the project, offset by SCE incentives and SCE OBF funds. The remaining \$297,938 will be derived from existing appropriation through a transfer of available budget from the General Building Refurbishment project. This project is supported by 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. There is no local job impact associated with this recommendation.

Approve recommendation.

CRAIG A. BECK
DIRECTOR OF PUBLIC WORKS

APPROVED:

PATRICK H. WEST
CITY MANAGER