

**City of Culver City, California
Agenda Item Report**

Meeting Date: 03/28/2011		Item Number: <u>C-4</u>	
CITY COUNCIL AGENDA ITEM: Approval of an Agreement with Southern California Edison to Fund Street Light Upgrades Through On-Bill Financing.			
Contact Person/Dept.: Helen Kerstein/PW		Phone Number: (310) 253-5618	
Fiscal Impact: Yes ☐ No ☒		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☐ Attachments: ☐	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (Email) Agenda and Meetings – City Council (03/23/11)			
Department Approval: Charles D. Herbertson(03/17/11)		City Attorney Approval: Carol Schwab (by H. Baker) (03/22/11)	
Chief Financial Officer Approval: Jeff Muir (by K. Marsden) (03/23/11)		City Manager Approval: John M. Nachbar (03/23/11)	

RECOMMENDATION:

Staff recommends the City Council approve an agreement with Southern California Edison (SCE) to fund the upgrading of street lights to Induction lamps through SCE's On-Bill Financing Program.

BACKGROUND/DISCUSSION:

The vast majority of the City's roughly 3,700 street lights currently use either High Pressure Sodium or Mercury Vapor lamps. In recent years, more energy efficient technologies have emerged, such as LED and Induction lamps. After extensive research and testing, staff has selected Induction lamps as the City's new standard. Induction lamps provide high quality light with good color rendition at roughly half of the energy use of the City's existing lamps.

After selecting the new standard, staff began looking for opportunities for funding the upgrade of the City's street lights to Induction technology. In fall 2010, an opportunity emerged with the launch of Southern California Edison (SCE)'s On-Bill Financing Program. This program, which is funded by California utility customers and administered under the auspices of the California Public Utilities Commission, allows governments and other eligible customers to finance energy efficiency projects of up to \$250,000 using zero-interest loans that are paid back through the energy savings that are achieved through those projects.

In October 2010, staff submitted an application for \$250,000 to fund the conversion of 625 street lights along arterials throughout the City to Induction

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lamps. The application requested \$18,479.20 in rebates and an additional \$231,520.80 in On-Bill Financing funding.

The conversion of street lights to Induction technology is relatively simple as it only requires changing out the street light heads. Staff focused on street lights that have already been converted to parallel circuits (rather than series circuits), since the street lights on series circuits will require more much more significant upgrades in the future. The street lights that are proposed for conversion are on Bristol Parkway, Buckingham Parkway, Centinela Avenue, Culver Boulevard, Green Valley Circle, Hannum Avenue, Hayden Avenue, Higuera Street, Jefferson Boulevard, Overland Avenue, Playa Street, Sepulveda Boulevard, Slauson Avenue, Washington Boulevard., and Washington Place.

In early March 2011, staff received notification that the City's application for the conversion of 625 street lights was approved by SCE. Should the City Council authorize entering into an agreement for participation in SCE's On-Bill Financing program, staff anticipates issuing a Request for Proposals for qualified firms to perform the necessary work. The project is anticipated to be completed no later than April 3, 2012 in accordance with the program requirements.

FISCAL ANALYSIS:

The On-Bill Financing program allows for the funding of energy efficiency projects through the energy savings that they achieve. Specifically, the City's utility bill stays the same as it would have been with the existing street lights, and the energy savings are used to pay off the loan.

The street light conversion is anticipated to generate significant energy savings and pay for the improvements in less than 3 years. However, if the energy savings fail to materialize as anticipated, the City may be required to reimburse SCE for the prorated amount of the rebate or cover a portion of the loan payments. Given the proven technology being employed, staff considers this a low risk.

It should be noted that the rebate and loan funds are not anticipated to be received until after the completion of the project. Thus, the City will have to pay for the project upfront and be reimbursed from the rebate and loan funds after project completion. The necessary budget amendment will be addressed when the contract award for the light installation is brought back to the City Council for consideration.

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MOTIONS:

That the City Council:

1. Approve an agreement with Southern California Edison for the On-Bill Financing Program; and,
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.