



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: November 11, 2014

TO: Mayor and Councilmembers

FROM: Facilities Division, Public Works

SUBJECT: On-Bill Financing Agreements For Los Banos Pool Lights And Granada Garage Carbon Monoxide Sensors

RECOMMENDATION: That Council:

- A. Authorize the Public Works Director to enter into two On-Bill Financing Agreements with Southern California Edison for a combined amount of \$24,402.87 that will be used to reimburse the City for costs associated with a pool light upgrade at the Los Banos Del Mar Pool and a sensor upgrade at the Granada Garage; and
- B. Increase estimated revenues by \$10,015.47 in the Intra-City Services Fund and increase estimated revenues by \$14,387.40 in the Downtown Parking Fund.

DISCUSSION:

In 2013, the Facilities Energy Management Section identified a significant cost and energy savings opportunity by replacing the existing incandescent pool lights at the Los Banos del Mar Pool with efficient LED lighting. Staff also identified the replacement of the out-of-date carbon monoxide sensors at the Granada Garage as a priority energy conservation project. The existing sensor failures were forcing the garage ventilation system to run at maximum output, thereby wasting energy.

In order to assist in the financing of this project, staff explored the option of using On-Bill Financing (OBF) through Southern California Edison (SCE). After performing an analysis of energy savings, SCE deemed that the City qualified for \$10,015.47 in OBF funding for the Los Banos lights and \$14,387.40 in OBF funding for the Granada Garage sensors. The projects have recently been completed and the funds from the OBF program will reimburse the City for its costs.

On-Bill Financing is a 0-percent loan with a term of up to ten years, used to cost-effectively finance energy efficiency projects. The City would repay the loan through realized savings on the monthly bills. The ability to take advantage of this financing mechanism will allow staff to fund this project and be reimbursed for a significant amount, if not all, of the capital costs, leaving more funds available for investment in other energy efficiency and conservation projects.

BUDGET/FINANCIAL INFORMATION:

The total project cost for the Los Banos Light Project was \$11,705.83. SCE has studied the energy savings potential of the project and has determined that the City qualifies to receive \$10,015.47 through OBF. This will result in a monthly payment of \$193.14 over the 4.3-year agreement period. SCE is also awarding the City an incentive of \$1,609.36 for the project, essentially reimbursing the City for all up-front capital.

The total project cost for the Granada Garage Sensor Project was \$34,622.00. SCE has studied the energy savings potential of the project and has determined that the City qualifies to receive \$14,387.40 through OBF. This will result in a monthly payment of \$239.79 over the 5-year agreement period. SCE is also awarding the City an incentive of \$3,447.38 for the project. The OBF funding did not cover the entire cost of this project due to scope changes during implementation.

If the agreements are approved, SCE will write the City a check for the allotted amount. SCE also projects that the City will save \$5,195.25 annually in electricity costs after the OBF funding is paid off.

SUSTAINABILITY IMPACT:

The new lighting in the pool at Los Banos and the upgraded sensors at the Granada Garage will result in an estimated 34,841 kWh savings annually. This will be a significant annual reduction in the amount of energy used at both locations.

PREPARED BY: Jim Dewey, Facilities and Energy Manager/AP/mh

SUBMITTED BY: Rebecca Bjork, Public Works Director

APPROVED BY: City Administrator's Office