



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: November 8, 2016

TO: Mayor and Councilmembers

FROM: Facilities Division, Public Works Department

SUBJECT: Introduction Of Ordinance For On-Bill-Financing Agreement With Southern California Edison For Outdoor Lighting At Cater Water Treatment Plant

RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving and Authorizing the Public Works Director to Execute an On-Bill-Financing Agreement with Southern California Edison for Outdoor Lighting at the Cater Water Treatment Plant for a Term Not to Exceed Ten Years.

DISCUSSION:

In 2015, staff developed a plan to upgrade the outdoor lighting at the Cater Water Treatment Plant (Cater) in order to improve safety, security, and energy efficiency. Staff replaced 43 existing post-top 125 Watt (W) High Pressure Sodium lights with 112W Light Emitting Diode (LED) lights, and 14 existing 40W wall-mounted lights with 22W LED lights. The new post-top lights are multi-level, meaning that they remain dimmed (at 10 percent light output) until they detect motion at which point they ramp up to approximately 70 percent light output. This further increases the energy efficiency of these lights. The new lights have significantly improved safety and security at Cater due to greater illumination and improved color rendering index (the ability to discern color), while reducing nighttime lighting in the neighborhood due to the ability of the lights to dim when not needed.

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). OBF is a zero percent interest loan that can be used to finance energy efficiency projects. OBF allows utility customers to invest in energy efficiency improvements and repay the funds through additional charges on their utility bills. OBF loans are "energy cost neutral," meaning that the energy savings resulting from the improvements are sufficient to cover the monthly payments for the financing, so that the total monthly utility charge is less than or equal to the pre-investment amount.

The ability to take advantage of this financing mechanism will allow Cater to fund this project and be reimbursed for a significant amount of the capital costs, leaving more funds available for investment in other improvements at the plant.

BUDGET/FINANCIAL INFORMATION:

Cater paid the up-front costs for the project, which totaled \$50,175.28. SCE has studied the energy savings potential of the project and has determined that the City qualifies to receive \$39,939.60 through OBF. This will result in the City making a monthly payment of \$332.83 over the 10-year agreement term. SCE also awarded the City an incentive of \$4,505.17 for the project. Therefore the City will be benefit from \$44,444.77 in zero interest loan for 88 percent of the project costs.

If the agreement is approved, SCE will write the City a check for the OBF amount. SCE also projects that the City will save \$4,000 annually in electricity costs after the OBF loan is paid off. Furthermore, the installed fixtures are expected to last over 100,000 hours (over 25 years) which will result in significant maintenance cost savings over the life of the fixtures.

SUSTAINABILITY IMPACT:

Although the primary motivation for this project was plant security and safety, the project will also result in energy savings. The project is expected to save an estimated 25,000 Kilowatt Hours annually which is the equivalent of powering 4.5 local area homes.

A copy of the Agreement is available for review in the City Clerk's Office.

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

SUBMITTED BY: Rebecca J Bjork, Public Works Director

APPROVED BY: City Administrator's Office