

City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2018-01170

August 28, 2018

Consent Item 11

Title: LED Streetlight Conversion Project: Authorization to Submit Application for California Energy Commission Loan and Acceptance of SMUD Program Funding

Location: Citywide

Recommendation: 1) Pass a Resolution: a) authorizing the City Manager or the City Manager's designee to submit to the California Energy Commission (CEC) an application for a loan in an amount not to exceed \$3 million for the LED Streetlight Conversion Project; b) authorizing the incurring of an obligation to CEC for the financing of a capital improvement project if CEC approves the application; c) certifying other terms related to the loan application; d) declaring the City's official intent that the amount of the loan will be paid in full, plus interest; and e) authorizing the City Manager or the City Manager's designee to execute all necessary documents to implement and carry out any subsequent actions related to the application and loan approval; and 2) pass a Resolution authorizing the City Manager or the City Manager's designee to: a) accept grant funding from the Sacramento Municipal Utilities District (SMUD) Energy Efficiency Incentives Program; b) increase the revenue and expenditure budgets for the Neighborhood Street Lighting Program (T15103200) by \$300,000; and c) adjust the revenue and expenditure budgets in the Neighborhood Street Lighting Program (T15103200) to reflect the actual amounts received from the SMUD Energy Efficiency Incentives Program.

Contact: Fedolia "Sparky" Harris, Principal Planner, (916) 808-2996; Sompol Chatusripitak, Senior Engineer, (916) 808-5961; Ryan Moore, Engineering Manager, (916) 808-6629, Department of Public Works

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-ECAA Notice
- 4-ECAA Loan Application
- 5-Resolution for CEC ECAA Loan
- 6-SMUD Program Notification
- 7-Resolution for SMUD Program

Susana Alcalá Wood, City Attorney

Mindy Cuppy, City Clerk
Howard Chan, City Manager

John Colville, City Treasurer

Description/Analysis

Issue Detail: Replacement of the City's older street lighting with modern energy efficient methods will save operational costs and reduce energy consumption. The City completed one phase of retrofits in 2016 and is seeking resources to complete the remaining lights. Staff recommends applying for an Energy Conservation Assistance Act Program Loan ("**ECAA Loan**") offered by the California Energy Commission ("**CEC**") in an amount not to exceed \$3 million to finance the conversion of 6,500 existing High-Pressure Sodium ("**HPS**") post top street lights to Light-Emitting Diode ("**LED**") technology to reduce energy consumption and lower maintenance costs. Failure to apply and secure funding through this program will result in a delay to implementation until alternative funding is identified and secured.

In addition, the City applied for and has been notified that it will receive Sacramento Municipal Utilities District (SMUD) Custom Energy Efficiency Incentive Program funding for up to \$300,000 in two cycles of \$150,000 each for post stop streetlight conversion to LED. To access this funding, the City needs to accept the program funding and appropriate the funds.

Policy Considerations: The project to be funded with the SMUD program and ECAA Loan supports the 2035 General Plan policy to continue to evaluate the feasibility and effectiveness of new policies, programs, and regulations that contribute to achieving the City's long-term GHG emissions reduction goals.

Economic Impacts: None

Environmental Considerations: Acceptance of grant funds and the application for financing from the CEC will have no significant effect on the environment and is exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3). Replacement of HPS bulbs with LED was previously evaluated and determined to be exempt under CEQA Guidelines Section 15301, which exempts projects involving the repair, maintenance, and minor alteration of an existing facility, and involves negligible or no expansion of use; and CEQA Guidelines Section 15302, which exempts projects involving reconstruction of existing structures and facilities, where the reconstruction will be located on the same site as the existing structure and will have substantially the same purpose and capacity.

Sustainability: These actions will provide for greater energy efficiency and reduce electrical usage. The action furthers implementation of the 2016 Update to the Climate Action Plan for Internal Operations.

Commission/Committee Action: None

Rationale for Recommendation: The estimated \$5.2 million replacement of the City's 13,000 HPS post top street lights with LED technology to reduce energy consumption and lower maintenance costs requires financing in order to accomplish the effort efficiently. Since the conversion of 9,226 HPS mast-arm street lights in 2016, the City has realized an estimated annual savings of \$258,000 in reduced energy costs. This report recommends the use of these annual savings to finance a \$3 million ECAA Loan through the CEC to convert 6,500 of the existing 13,000 HPS post top streetlights to LED. The ECAA Loan program is specifically tailored to the type of improvements that the City is attempting to accomplish and includes attractive terms including: a 1% interest rate that is very competitive compared to conventional lending; a 20-year maximum term that allows flexibility for annual payments; no application fee; and no cross-collateral security is required. The SMUD grant will further help offset the costs to the City.

Financial Considerations: The estimated total cost to convert 6,500 of the existing 13,000 HPS post top streetlights is \$3 million. The source of repayment of the ECAA Loan will be a gross pledge of the annual costs savings from operating costs associated with reduced energy payments realized since 2016 for a 17-year term at 1% interest; the loan agreement does not require any other funding to guarantee the loan. As such, the City's General Fund will have no obligation to pay or ensure the full and timely payment of debt service related to this ECAA Loan.

While other funding sources will continue to be explored, this ECAA Loan could be the first of three loans obtained from the CEC in an attempt to convert the remaining HPS streetlights to LED. Staff expects to seek similar approval from City Council to submit applications for the next batch of LED streetlight conversions in fiscal year 2021.

Upon receipt of the CEC loan, the City will return to City Council for necessary budgetary and loan repayment actions.

Appropriating \$300,000 in SMUD Program Funding (Fund 3702) to the Neighborhood Street Lighting Program (T15103200) will allow the City to begin work for conversion of these streetlights. The funding will be provided in two separate payments: \$150,000 will be provided upon demonstration of completion of work prior to June 30, 2019, and a second \$150,000 installment for completion of work by December 1, 2019.

Local Business Enterprise (LBE): Not applicable.

Background: In 2010, staff began evaluating LED street lights for performance and cost effectiveness with funding from the Sacramento Municipal Utilities District (“**SMUD**”) in an effort to select the best products for future LED installations throughout the City. In 2014, the City entered into an agreement with Siemens Industries, Inc. (2014-0559) for evaluation, design, review, coordination, permitting, construction, commissioning, and training of City staff of energy efficiency measures for the City of Sacramento Energy Efficiency Retrofit Project. This effort ultimately led to the conversion of 9,226 HPS mast arm lights with LED technology for \$4.85 million. This conversion project resulted in an annual energy cost savings of \$258,000.

The ECAA Program began in 2017 to finance projects with proven energy and/or demand cost savings on a first-come, first-served basis. The remaining inventory of existing HPS streetlights in the City of Sacramento includes 13,000 post tops, 9,500 acorn lights, and 3,500 ornamentals.

ENERGY CONSERVATION ASSISTANCE ACT (ECAA)

No application fees, points, or hidden costs

Eligible Applicants: Only the following entities are eligible for these funds:

**Cities, Counties, Special Districts, Public Colleges or Universities
(Except Community Colleges), and Public Care Institutions / Public Hospitals**

Interest Rate 1% Loans

FINANCING FOR ENERGY EFFICIENCY
& RENEWABLE ENERGY GENERATION
PROJECTS

NOTICE and APPLICATION

P O N - 1 7 - 4 0 1
R e l e a s e D a t e :
S e p t e m b e r 8 , 2 0 1 7

EDMUND G. (JERRY) BROWN JR.
Governor



California Energy Commission

<http://www.energy.ca.gov/efficiency/financing/index.html>

Phone: (916) 651-3747

FINANCING FOR ENERGY EFFICIENCY

ELIGIBLE APPLICANTS

Only the following entities are eligible for these funds:

- Cities
- Counties
- Special Districts
- Public Colleges or Universities (except Community Colleges)
- Public Care Institutions / Public Hospitals

Non-profit entities, residential, and commercial projects are not eligible for these funds.

ELIGIBLE PROJECTS

Examples of Eligible Projects:

- Lighting systems
- Heating, ventilation and air conditioning equipment
- Streetlights and LED traffic signals
- Energy management systems and equipment controls
- Pumps and motors
- Building envelope and insulation
- Energy generation, including renewable energy and combined heat and power projects
- Water and waste water treatment equipment
- Load shifting projects, such as thermal energy storage

Projects which are already installed are ineligible.

LOAN INFORMATION

- The maximum loan amount is \$3 million (please see PROJECT CRITERIA for additional information). There is no minimum loan amount.
- The interest rate is fixed at 1% for the term of the loan.
- A loan applicant with an existing ECAA loan may apply for an additional loan if additional funding becomes available, and when the applicant's existing loan project is complete.

Before applying, please contact the Energy Commission for the most current funding information. This is a revolving loan fund and repayments from previously approved loan awards replenish the fund balance.

Approximately \$7 Million in loan funding is expected to be available during Fiscal Year 2017-18. The Energy Commission reserves the right to:

- Increase the amount of funds available under this loan notice when additional loan funds become available.
- Add funding sources under this loan notice if and when additional funding sources become available.

Funding Source

Loans funded under this loan notice originate from one or more of the following sources:

- Energy Conservation Assistance Act (ECAA)
- Bond Proceeds from ECAA Tax-Exempt Revenue Bonds

Loan Security Requirements

A promissory note and a loan agreement between the applicant and the Energy Commission are required to secure the loan.

Disbursement of Loan Funds

Loan funds are available on a reimbursement basis. For each reimbursement request, receipts and invoices for incurred expenses must be submitted along with proof of payment. The final 10 percent of the funds will be retained until the project is completed and the applicant submits the project final report. Interest is charged on the unpaid principal balance of the loan computed from the date of each disbursement to the borrower.

Repayment Terms

- Loans must be repaid from energy cost savings or other legally available funds within a maximum term of 20 years (including principal and interest).
- The amortization of the loan and repayment schedule will be based on the number of years needed to repay the loan (principal and interest) using an estimate of the energy cost savings during the first year after project completion. Energy cost savings are based on applicable tariff and operating schedules at the time the loan application is submitted.
- The loan repayment term cannot exceed the effective useful life of the loan-funded equipment.
- Applicants will be billed twice a year, in June and December, after the project is completed.

Sample Loan Agreement

Applicants must review the sample loan agreement documents posted at the <http://www.energy.ca.gov/efficiency/financing> before submitting an application. Please refer to the heading “Loan Agreement” for PON-17-401– 1% Loans. The loan agreement will be either a bond or non-bond agreement, depending on the funding source, which will be determined solely by the Energy Commission.

Additional Loan Information

- All documents are public records and will not be kept confidential.
- Loans may require a tax certificate.

PROJECT CRITERIA

Projects with proven energy and/or demand cost savings are eligible, provided they meet ECAA eligibility requirements. A feasibility study is required to verify the estimated energy savings.

A. The maximum loan amount per application is the lesser of:

1. \$3 million;
2. The estimated total project cost; or
3. The estimated total energy cost savings over the effective useful life (EUL) of the loan-funded equipment, not to exceed 17 years.

If the estimated total project cost is more than the estimated total energy cost savings over the EUL of the loan-funded equipment, the applicant may reduce the estimated total project cost to the estimated total energy cost savings level by using rebates, incentives, and/or its own funding. However, other loan sources may not be used to co-fund the project.

B. The estimated total energy cost savings over the life of the project will be calculated by multiplying each measure's annual energy cost savings by that measure's EUL and then adding up the savings for all projects.

The applicant may use EULs provided in the Database for Energy Efficiency Resources (DEER)¹, Appendix E of the Proposition 39 (California Clean Energy Jobs Act) Program Implementation Guidelines² (July 2016), or the equipment manufacturers' warranty. EULs will be the lesser of the EUL stated in the application or 17 years to allow for repayment of principal and interest within 20 years.

C. Energy cost savings shall be determined using the applicant's current energy rates. Escalation of energy rates and soft costs, such as operation and maintenance savings, will not be considered when determining energy cost savings.

D. Leased Facilities: If the project is located in a leased facility the term of the lease must exceed the repayment period.

¹ http://www.deeresources.com/files/DEER2013codeupdate/download/DEER2014-EUL-table-update_2014-02-05.xlsx

² <http://energy.ca.gov/2016publications/CEC-400-2016-005/CEC-400-2016-005-CMF.pdf>

Project Commencement

A loan agreement must be fully executed (*i.e.* signed by the Energy Commission and the loan applicant) before the project work can begin. Only approved project-related costs that are incurred within the term of the executed agreement and comply with the terms and conditions of the loan agreement are eligible for reimbursement.

HOW TO APPLY

Applicants must submit the following:

- A. Completed and signed **Loan Application** (Attachment 1).
- B. Completed **Summary of Energy Efficiency Projects in Loan Request Table** (Attachment 2).
- C. **Governing Body Resolution** (see Attachment 3)
- D. **CEQA Compliance Documentation** (see Attachment 4)

Applicants must include a copy of documentation demonstrating that the applicant has complied with CEQA in approving the project. There are three possible actions the applicant may take. The applicant may determine that the activity undertaken by the loan is:

1. Not a project: include a statement that all projects to be funded by the loan are not projects under CEQA, and analysis supporting the conclusion that the activity is not a project.
2. A project that is EXEMPT: include any Notice of Exemption if filed by the applicant.
3. A project that is NOT EXEMPT: include any Notice of Determination filed by the applicant and a copy, web link or electronic version of any environmental documents prepared, such as:
 - Negative Declaration;
 - Mitigated Negative Declaration; or
 - Environmental Impact Report.

E. **Documentation of Applicant's Authority:**

- a. Documentation showing the authority of the applicant to enter into the loan agreement.

A copy of a signed resolution, motion, order, etc. from the applicant's governing board (see Attachment 3 for a sample). The resolution, motion, order, etc. must include the finding on CEQA compliance. If the CEQA finding is in the agenda item, include both the agenda item and the resolution. If the CEQA finding is in the resolution, do not include a copy of the agenda item;

OR

If the applicant does not use motions/resolutions/orders, include a copy of the law or other document showing the applicant's authority to enter into a loan agreement.

AND

- b. Documentation showing the job title of the individual who is authorized to apply for the loan and execute the loan agreement. In most cases, the title of the individual will be listed in the resolution, motion or order (see Attachment 3 for a sample);

OR

If the applicant does not use motions/resolutions/orders, the applicant must include other documentation showing the job title of the authorized individual.

F. Utility Billing Data

The applicant must electronically submit 12 months of recent baseline utility data records from electric and natural gas utilities, unless the information on utility usage and rate schedules are included in the feasibility study or energy audit report.

G. Feasibility Study or energy audit report (may be submitted via CD or flash drive). The study must have been completed within the past two years and must contain:

1. A detailed description of the proposed project;
2. A description of the buildings/facilities affected by the proposed project;
3. A discussion of baseline energy use for the facilities, including annual energy related utility bills;
4. All calculations and assumptions to support the technical feasibility and energy savings of the proposed recommended project;
5. A proposed budget detailing all project costs; and
6. A proposed schedule for implementation of the project. If the feasibility study identifies maintenance and operating procedures, the applicant shall include the estimated date of implementation or provide a reason for not implementing.

APPLICATION SUBMITTAL AND REVIEW PROCESS

Applications will be validated for eligibility based on the requirements of this loan notice PON-17-401. Applications deemed complete and eligible for funding will be processed in the order received. Applications are deemed complete when documentation is submitted to verify eligibility and compliance with all requirements listed in this loan notice.

If funding becomes oversubscribed, applications will be placed on a waiting list in the order they were deemed complete. In the event that there are two or more complete applications received on the same date and time, the application with

the shorter payback period will be given the higher priority ranking on a waiting list.

Energy Commission staff will review the loan application and supporting documents to evaluate the proposed project's technical and economic feasibility. Further, Energy Commission staff will perform its own CEQA evaluation of the proposed project. It may be necessary to arrange a site visit to evaluate the project and loan request.

ATTACHMENTS TO THIS LOAN NOTICE

- Attachment 1: ECAA Loan Application for Energy Commission Financing Interest Rate 1%
- Attachment 2: Summary of Energy Efficiency Measures in Loan Request
- Attachment 3: Sample Resolution
- Attachment 4: California Environmental Quality Act (CEQA) Information

HOW TO SUBMIT AN APPLICATION

Mail the loan application and all supporting documentation to:

ECAA Loan Program
LOCAL ASSISTANCE AND FINANCING OFFICE
California Energy Commission
1516 Ninth Street, MS #23
Sacramento, CA 95814-5512

Applications may be submitted at any time and this loan notice will remain posted for a minimum of 90 days from the original release date.

CONTACT INFORMATION FOR ASSISTANCE AND QUESTIONS

Please call or email the California Energy Commission to discuss available funding or any other information in this loan notice:

For Assistance:
Email: PubProg@energy.ca.gov
Phone: (916) 651-3747

Loan Notice Documents

A copy of this loan notice, all attachments to this loan notice, sample loan agreements and more information is available for download at:

<http://www.energy.ca.gov/efficiency/financing/>

The Energy Commission reserves the right to close or change this loan notice.

ATTACHMENT 1

ECAA LOAN APPLICATION FOR ENERGY COMMISSION FINANCING INTEREST RATE 1%

1. APPLICANT INFORMATION

Applicant/Legal Name:		
Type of Entity: (please check one box)		
<input type="checkbox"/> City	<input type="checkbox"/> Special District	
<input type="checkbox"/> County	<input type="checkbox"/> Public Hospital / Public Care Institution	
<input type="checkbox"/> Public College or University (except Community Colleges)	<input type="checkbox"/> Other, please specify: _____	
Mailing Address:	City:	Zip:
Street Address:	City:	Zip:
County:		
Contact Person:	Title:	
E-mail:	Phone:	
Tax ID #:	Congressional District:	
Name of Utility Providers:		
Electric:	Gas:	Other:
How did you hear about the Energy Commission's Loan Program? Circle one: Energy Commission Website, Energy Commission Staff Presentation, Literature at Trade Show or Workshop, Utility Company, recommendation by another State agency, or Other (Specify):		

2. PROJECT INFORMATION

- A. Has applicant applied for, or expect to apply for any utility rebates/incentives?
 - Yes. Please complete Section B.
 - No.
- B. Source of Rebates/Incentives: _____
 (Approximate) Amount: _____

3. PROJECT SCHEDULE

Estimated start date:
Estimated completion date:

4. PROJECT BUDGET

Total project costs: (include all labor engineering, construction, materials, equipment, inspection demolition (if applicable) and removal (if applicable, less equipment salvage value, (if applicable): \$
Loan amount requested from the Energy Commission: \$

5. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) COMPLIANCE

- A. Is there documentation demonstrating your compliance with CEQA?
 - Yes, Go to B.
 - No, STOP: Please complete CEQA compliance documentation (see requirements in the Loan Notice and (See Attachment 4) before submitting application.
- B. What finding did your governing body make? Measures funded by the loan are:
 - Not a project. Describe why all measures to be funded by the loan are not CEQA projects, and analysis supporting the conclusion that the measures are not a project:

- Is a project, and is exempt: List applicable exemption:
 - ___ Statutory (list code section): _____
 - ___ Categorical (list section from CEQA Guidelines): ___ 14 CCR _____
 - Was a Notice of Exemption filed? No Yes
 - If yes, Date Filed: _____
- Is a project that is not exempt? Applicant prepared the following environmental document:
 - ___ Initial study + Negative Declaration

- Initial study + Mitigated Negative Declaration
- Environmental Impact Report
- Other (describe)

Notice of Determination filed? No Yes Date Filed: _____

Was a Statement of Overriding Considerations adopted? No Yes

If yes, date: _____

6. APPLICATION DOCUMENTS

Please include all of the following:

- Completed Loan Application (Attachment 1)
- Summary of Energy Measures (Attachment 2)
- Feasibility Study/Audit (may be submitted in a CD or flash drive)
- Utility Billing Data –Copies of 12-24 months of past energy data and rate schedules for electric, natural gas utilities, or other energy sources (unless utility billing data is included in the feasibility study).billing records from electric and gas utilities (unless included in the feasibility study).
- Signed Resolution or Documentation on of Applicant’s Authority to enter into the loan agreement (see Attachment 3 for a sample Resolution)
- CEQA Compliance Documentation (see Attachment 4 for more information)

7. CERTIFICATION

To the best of my knowledge and belief, I certify:

- The information in this application is correct and complete.
- By signing this application, applicant is eligible to receive state funding under all applicable laws, including but not limited to Chapter 2.8 “Project Labor Agreements”, Part 1, of Division 2 of the Public Contract Code.
- By signing this application, applicant does not intend to close or otherwise dispose of the building within the simple payback.
- I have read, understand, and do hereby accept the loan agreement terms, and, further, I am willing to enter into an agreement with the Energy Commission according to the terms offered and will timely sign loan documents if the application is funded.

Name of Authorized Representative:		
Title:		
Signature of Authorized Representative:		
Date:	Phone:	Email:

For Assistance:
Email: PubProg@energy.ca.gov
(916) 651-3747

RESOLUTION NO. 2018-XXXX

Adopted by the Sacramento City Council

August 28, 2018

AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE CALIFORNIA ENERGY COMMISSION FOR FINANCING THE LED STREETLIGHT CONVERSION PROJECT

BACKGROUND

- A. The California Energy Commission (**CEC**) provides loans to schools, hospitals, local governments, special districts, and public care institutions to finance energy efficiency improvements;
- B. The City of Sacramento desires to submit an application to the CEC under the Energy Conservation Assistance Act (ECAA) Program in an amount not to exceed \$3million to fund the LED Streetlight Conversion Project ("Project").
- C. The ECAA Program requires the Applicant to make, by resolution of its governing body, certain findings and covenants as part of the application package.
- D. Energy cost savings realized by the City of Sacramento through the initial phase of LED streetlight conversions completed in 2016 provides sufficient funding to service the ECAA loan.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager or the City Manager's designee is hereby authorized to sign and submit to the CEC an application for a loan from the CEC to implement energy efficiency measures in an amount not to exceed \$3 million and any documents related thereto.
- Section 2. If recommended for funding by the CEC, the City Manager or the City Manager's designee is hereby authorized to accept a loan up to \$3 million. City staff will bring back an implementing report to City Council to establish appropriate budget and debt repayment actions.
- Section 3. The City Council hereby finds and certifies the following:
 - 1. The activity funded by the loan is exempt under CEQA Guidelines Section 15301, which exempts projects involving the repair, maintenance, and minor alteration of an existing facility, and involves negligible or no expansion of use; and CEQA Guidelines

Section 15302, which exempts projects involving reconstruction of existing structures and facilities, where the reconstruction will be located on the same site as the existing structure and will have substantially the same purpose and capacity.

2. The Project facilitates the effective and efficient use of existing and future public resources to promote both economic development and conservation of natural resources;
3. The Project is consistent with the City of Sacramento 2035 General Plan and, to the extent applicable, the Sacramento County General Plan of 2005-2030;
4. The proposed financing is appropriate for the Project; and
5. The Project is consistent with the program criteria.

Section 4. The City hereby declares its official intent that the amount of the loan will be paid in full, plus interest, under the terms and conditions of the Loan Agreement, Promissory Note and Tax Certificate of the California Energy Commission.

Section 5. The City Manager or City Manager's designee is hereby authorized and empowered to execute in the name of the City of Sacramento all necessary documents to implement and carry out the purpose of this resolution, and to undertake all actions necessary to undertake and complete the energy efficiency projects.



August 1, 2018

Sompol Chatusripitak
City of Sacramento
730 I Street
Sacramento, CA 95814

Dear Sompol,

Thank you for your continued partnership with SMUD on energy efficiency projects.

We received the June 27, 2018 incentive application for 13,000 post-top HPS to LED streetlight conversions. As you are aware this project will exceed the \$150,000 incentive cap currently offered through SMUD's Custom Energy Efficiency Incentive Program.

Because early-year energy savings have value to SMUD, and the incentives are integral to the City of Sacramento's project financing, SMUD will permit two incentive periods in 2019. Assuming all other program rules are met,

- SMUD will pay an incentive up to \$150,000 for post-top streetlights installed prior to June 30, 2019.
- SMUD will pay a second incentive up to \$150,000 for post-top streetlights installed between July 1 and December 1, 2019.
- Any fixtures installed prior to June 30, 2019 that would result in an incentive exceeding \$150,000 may apply for the second incentive period.

Please provide SMUD an installation schedule by January 30, 2019 to assist in incentive budgeting.

Unfortunately, we will be unable to commit incentives for the 2020 program year for the City's proposed ornamental lighting. The program design is not complete, and we are uncertain what form the incentives will take. We look forward to discussing the ornamental lighting project again in 2019.

Thank you for your interest in SMUD's programs, and we look forward to working with you.

Sincerely,


Ed Hamzawi
Director, Advanced Energy Solutions

Cc: Stephen Oliver
Kelvin Marshall

RESOLUTION NO. 2018-

Adopted by the Sacramento City Council

ACCEPTANCE OF FUNDING FROM SACRAMENTO MUNICIPAL UTILITIES DISTRICT CUSTOMER ENERGY EFFICIENCY INCENTIVE PROGRAM FOR LED STREETLIGHT CONVERSION

BACKGROUND

- A. The Sacramento Municipal Utilities District (SMUD) operates the Custom Energy Efficiency Incentive Program to provide funding to increase energy efficiency and reduce up front demand.
- B. Replacement of the City's older street lighting with modern energy efficient methods will save operational costs and reduce energy consumption. The remaining inventory of existing High Pressure Sodium (HPS) streetlights in the City of Sacramento includes 13,000 post tops, 9,500 acorn lights, and 3,500 ornamentals.
- C. The City applied for funding for 13,000 post-top HPS to LED streetlight conversions from SMUD's Custom Energy Efficiency Incentive Program and was notified by SMUD that the City was awarded funding from this program.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager or the City Manager's designee is authorized to accept funding from SMUD's Customer Energy Efficiency Incentive Program.
- Section 2. The FY18/19 Capital Improvement Program is amended by increasing revenue and expenditure budgets to the Neighborhood Street Lighting Program (T15103200) by \$300,000 (Fund 3702) from the SMUD Custom Energy Efficiency Incentive Program.
- Section 3. The City Manager or the City Manager's designee is authorized to adjust the revenue and expenditure budgets in the Neighborhood Street Lighting Program (T15103200) to reflect the actual amounts received from the SMUD Custom Energy Efficiency Incentive Program.