

LED Street Lights Energy Efficiency Grant Implementation



City Council Planning Conference
January 17, 2015

Agenda

- Grant Program Update
- Project Costs
- Energy and Maintenance Savings
- Recommendations
- Next Steps
- Questions

Energy Efficiency Grant Program Update

- Department of Commerce grant program
 - Goal = reduce energy costs and create jobs
 - 25% of Total Project Cost up to \$500k max
- Energy Savings Performance Contracting (ESPC) process and its benefits
- Grant Success!!
 - City awarded **\$500,000** for lighting upgrades
 - Funding requirement to use grant funds by June 30, 2015.
- CPU Incentive (CLIP) = **\$257,000**

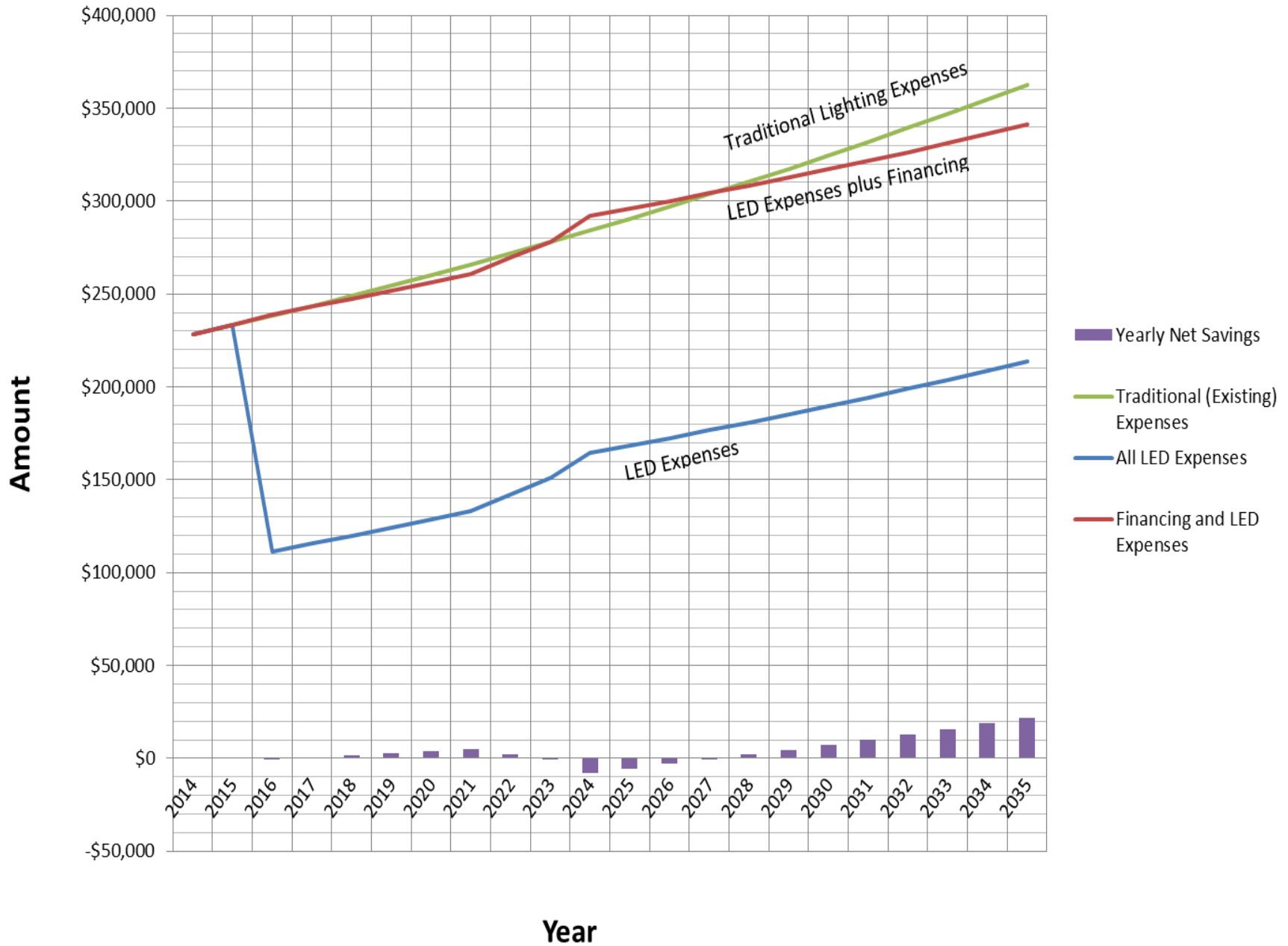
Project Costs

- Full LED Lighting Replacement Project
 - Approx. 3,100 City-owned lights
 - Total estimated maximum Cost (w/ 3% Financing) = \$2,397,000
 - Grant Total = \$500,000
- **Project Financing Required = \$1,897,000**

Debt Service vs. Savings

- Costs:
 - Total Project Cost less Grant = \$1,897,000
 - **Debt Service at 3% = \$127,500/year**
- Savings:
 - Year 1 Energy Savings = \$91,500
 - Year 1 Maintenance Savings = \$25,000
 - Total Year 1 Savings = **\$116,500**
- Notes:
 - Maintenance costs conservatively estimated to decrease each year
 - Energy savings estimated to increase at 2% per year
 - Energy savings begin to outpace maintenance expenses such that yearly savings exceed debt service each year.

Street Light Cost Comparison



Payback

- Asset Life of LEDs = 25 Years estimate
- Total Project Cost less Grant = \$1,897,000
- Year 1 Energy Savings = \$91,500
- Payback = 21 Years

- Notes:
 - \$257,000 CLIP incentive not included in calculation.
 - No maintenance savings assumed in payback calculation.
 - Year 1 energy savings are lowest per year savings over 20-year period.

Recommendations

- Move forward with full LED Lighting Replacement Project
- Project Financing
 - Prioritize LED project
 - Finance remainder of project with G.O. Bond Proceeds
 - Discuss and prioritize potential use of remaining Bond Proceeds at future meeting
 - Use of CLIP Incentive
 - Line of Credit potential
- Options
 - Add lights (poles as needed) in light deficient areas

Next Steps

- Dept. of Enterprise Services ESPC contracting process (future meetings)
- Create Project specifications and work with vendors
- Complete Project
- Receive CLIP incentive
- Monitor and confirm energy usage

Questions and Discussion

Thank You!