

M e m o r a n d u m

To: Melissa Jones
Executive Director

Date: February 22, 2011

Telephone: 653-1004

From: **California Energy Commission**
1516 Ninth Street
Sacramento CA 95814-5512

Subject: STAFF RECOMMENDATION TO APPROVE A \$882,987.00 LOAN WITH ENERGY CONSERVATION ASSISTANCE ACCOUNT (ECAA) FUNDS TO THE CITY OF LOS ANGELES TO RETROFIT INTERIOR LIGHTING SYSTEM AT MULTIPLE CITY OWNED BUILDINGS WITH HIGHER EFFICIENCY LIGHTING SYSTEM AND CONTROLS TO BE CONSIDERED AT THE APRIL 6, 2011 BUSINESS MEETING.

Summary of Item

The City of Los Angeles has requested a loan of \$882,987,000 to retrofit interior lighting system at 42 city owned buildings with higher energy efficiency system and controls.

This project will reduce the city's annual energy use by an estimated 600,000 kWh and 220 kW demand. This will save the city approximately \$81,376 annually in reduced energy costs. The total project cost is estimated at \$886,987 of which \$882,987 will be financed with an Energy Commission ECAA loan at an interest rate of three percent. The remaining project balance will be funded by a \$4,000 LADWP, rebate.

Table 1 summarizes the project savings, cost and simple payback.

Project/Location	Annual Electric Savings (kWh)	Annual Cost Savings (\$)	Estimated Total Project Cost (\$)	Loan Amount Requested (\$)	Simple Payback Based on Loan Amount (\$)
Interior Lighting Retrofit	600,000	\$81,376	\$886,987	\$882,987	10.8 years

Justification for Action Requested:

The City of Los Angeles is committed to reducing their energy consumption and to the reduction of greenhouse gas emissions. Last year, the city used their Federal Stimulus funds to retrofit thousands of their HPS street light fixtures to LED. This loan request, will allow the city to retrofit 42 of their 500 own buildings and facilities. This project, when completed, will remove approximately 207 tons of harmful emissions annually from the environment.

Energy Commission staff has determined that the loan request for the City of Los Angeles is technically justified and meets all requirements for a loan with ECAA Funds. The program requires repayment of the loan, interest and principal, within 15 years. This is equivalent to projects having a simple payback of 11 years or less. As this loan has a simple payback of 10.8 years, it meets the requirement of the loan program. As a result, staff recommends approval of this loan request to the City of Los Angeles.

The interest rate for the loan will be 3.00 percent. The funding for this loan will come from the ECAA Funds.

Project Manager

Adel Suleiman, Special Projects Office

Oral Presentation

Staff will be prepared to discuss this recommendation and respond to any potential questions regarding this project and loan request.

Business Meeting Participants

Adel Suleiman, Special Projects Office, Fuels and Transportation Division

Commission Action Requested

Approve the loan and authorize the Executive Director to execute the loan documents.



PAT PEREZ, Deputy Director
FUELS AND TRANSPORTATION DIVISION