

Memorandum

To: Melissa Jones
Executive Director

Date: May 13, 2011

Telephone: 653-6471

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

Subject: STAFF RECOMMENDATION TO APPROVE AN AMENDMENT TO THE CITY OF MONTEREY'S LOAN TO UPGRADE THE CITY'S STREET LIGHTING WITH LED LIGHTING INSTEAD OF THE ORIGNALLY PROPOSED INDUCTION LIGHTING, TO REDUCE THEIR LOAN TO \$1,510,510 AND FOR A THREE MONTH NO-COST TIME EXTENSION TO BE CONSIDERED AT THE JUNE 29TH BUSINESS MEETING.

Summary of Item

On January 27, 2010, the California Energy Commission approved a loan to the City of Monterey (City) in the amount of \$1,551,918 to upgrade tunnel, bike path, and street lighting with higher efficiency induction lighting to be installed in various locations at Monterey, California.

The City's upgrade of their bike path lighting to induction is almost complete and, as originally planned, the City will also be upgrading their tunnel lights with induction lighting.

The City is requesting a change of scope on their street lighting project. The City has decided to upgrade their streetlights with LEDs rather than with induction.

Based on revised cost data, the new loan amount will be \$1,510,510. This represents the City's cost after utility rebates.

This project will reduce the City's annual energy use by an estimated 907,120 kWh. This will save the City \$118,327 annually in energy costs. The total project is projected to cost \$1,682,507 of which \$1,510,510 will be financed with this Energy Commission ARRA loan at an interest rate of 1%. Utility rebates are estimated to be \$171,144.

In addition, the City is also requesting an extension to their loan agreement to March 31, 2012.

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

Project/Location	Annual Electric Savings (kWh)	Annual Cost Savings (\$)	Estimated Total Project Cost (\$)	Estimated Total Rebates (\$)	Loan Amount Requested (\$)
Tunnel Lighting	238,298	\$32,885	\$275,886	\$11,915	\$263,119
Bike Path Lighting	70,588	\$11,859	\$160,000	\$3,529	\$156,471
Street Lighting	598,234	\$73,583	\$1,246,621	\$155,700	\$1,090,921
TOTAL	907,120	\$118,327	\$1,682,507	\$171,144	\$1,510,510
Simple Payback based on Loan Amount: 12.8 years					

Justification for Action Requested:

The City is committed to reducing their energy consumption and to the reduction of greenhouse gas emissions. These projects, when completed, will reduce approximately 313 tons of harmful carbon dioxide emissions annually.

Energy Commission staff has determined that the loan request for the City is technically justified and meets all requirements for a loan with ARRA Funds. The program requires repayment of the loan, interest and principal, within 15 years. This is equivalent to projects having a simple payback of 13 years or less. As this loan has a simple payback of 12.8 years, it meets the requirement of the loan program. As a result, staff recommends approval of this loan amendment to the City of Monterey.

The interest rate for the loan will be 1.00 percent. The funding for this loan will come from the ARRA Funds.

Project Manager

Joji Castillo, Special Projects Office

Oral Presentation

Staff will be prepared to discuss this recommendation and to respond to questions regarding the loan.

Business Meeting Participants

Joji Castillo, 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

