



# TOWN OF APPLE VALLEY

## TOWN COUNCIL STAFF REPORT

**To:** Honorable Mayor and Town Council      **Date:** November 15, 2016

**From:** Ralph Wright      **Item No:** 6  
Parks and Recreation Manager  
Parks and Recreation Department

**Subject:** AUTHORIZE ENTERING INTO AN AGREEMENT FOR THE JAMES WOODY LIGHTING PROJECT #368-16-05000866900 THROUGH SOUTHERN CALIFORNIA EDISON'S CUSTOMIZED SOLUTION PROGRAM

**T.M. Approval:** \_\_\_\_\_      **Budgeted Item:**  Yes  No  N/A

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### RECOMMENDED ACTION:

Authorize the Town Manager or his designee to proceed with the On Bill Financing (OBF) Project #368-16-05000866900 through Southern California Edison and authorize entering into the OBF Agreement for the not to exceed amount of \$58,275.60.

### SUMMARY:

Southern California Edison offers an energy efficiency program that allows the entire cost of energy efficiency projects to be paid for in monthly installments from the resulting energy consumption savings of the project. Staff, in coordination with Southern California Edison and their authorized agent, evaluated a number of facilities at the James Woody Community Center and determined that replacement of existing lighting fixtures with high efficiency LED fixtures will provide a significant improvement to the facility and require no additional out of pocket costs to the Town.

**Program** – Southern California Edison offers an On Bill Financing program to fund energy efficiency improvement projects. This project allows for non-residential customers to finance qualifying energy efficiency projects through Southern California Edison with no out of pocket costs and allows the customer to make monthly installment payments to pay for the project. The program is funded through an energy efficiency program charge that all customers are required to pay into. Because of this funding, there are no fees or interest associated with the program. Southern California Edison evaluates the energy

savings and approves the project. To qualify for approval, the monthly installment payments must be equal or less than the monthly energy reduction savings provided by the project.

**Project** – The Town had an energy audit conducted by an authorized Agent and approved by Southern California Edison at the James Woody Community Center. Included in this project is the auditorium, mini-gym, arts and crafts room and parking lot lights at James Woody. The evaluation of these facilities resulted in the development of this project that will replace 152 existing non-efficient fixtures with comparable LED fixtures that will result in significant energy savings. The new LED fixtures have a ten (10) to fifteen (15) year warranty on full replacement. In addition to the reduction in electric consumption with the change to LED lighting, the project will provide a significant savings for replacement bulbs and ballasts for the facility as well as significantly reduce the maintenance time for the Facilities staff. Lastly, the new LED lighting will provide a substantial improvement in the lighting quality at the James Woody Facility. The cost of the project has been approved as part of the Customized Solution OBF program at the not to exceed amount of \$58,275.60, with a ten (10) year term and the estimated monthly installments will be \$485.63.

#### **FISCAL IMPACT:**

The entire project cost will be paid for in monthly installments through Southern California Edison's OBF program. The monthly installments are at a minimum equal or less than the realized energy efficiency savings and therefore there are no additional out of pocket costs for the project. Furthermore, savings on the cost of replacement bulbs and ballasts as well as the Facilities maintenance time will provide an undetermined additional savings during the life of this project.

#### **ATTACHMENTS:**

1. Southern California Edison's OBF Application Approval and Funding Reservation Letter;
2. OBF – Preliminary Loan Term Calculation (LTC1)



SEND TO: Southern California Edison, Business Incentives  
P.O. Box 800, Rosemead, CA 9110-0800  
E-mail: BusinessIncentives@sce.com 1 Fax: 626-633-3243  
Questions? B00-736-47n

August 17, 2016

Customer Information:

Marc Puckett  
Town Of Apple Valley  
13467 Navajo Rd.  
Apple Valley, CA 92308

Authorized Agent Information:

Anthony Mitchell  
Ecogreen Solutions  
27611 La Paz Rd Ste. A2  
Laguna Niguel, CA 92677

RE: NOTICE OF ON-BILL FINANCING (OBF) APPLICATION APPROVAL AND FUNDING RESERVATION  
PROJECT NUMBER: 368-16-0500866900 SA#: 3-001-3084-22

Dear Marc Puckett and Anthony Mitchell:

Your On-Bill Financing Application has been reviewed and approved, and funding for your On-Bill Financing Loan has been reserved.

At this point the estimated OBF Loan funding reservation for your project of \$58,275.60 has been established.

Terms and Conditions of Loan Reservation:

1. The reserved amount has been calculated based on the results of the review and approval of your Energy Efficiency Project Application, and according to the provisions and methodology of the OBF Loan Term Calculation [LTC]. Since the loan reservation amount is based on an approved project proposal, it is an estimate of what the actual loan amount may be.
  - 1a. An OBF Loan Term Calculation [LTC] is attached.
2. The actual loan amount will be calculated based on the results of the review and approval of your Energy Efficiency Project Installation Report, and according to the provisions and methodology of the OBF Loan Term Calculation [LTC]. Therefore, the actual amount of the OBF Loan may differ from the reserved amount presented above.
  - 2a. The actual amount of the OBF loan may be less than the reserved amount presented above.
  - 2b. The actual amount of the OBF loan shall not exceed the reserved amount presented above.
3. The expiration of the loan reservation shall be consistent with that of the project incentive.

Next Steps:

- You submit the completed Installation Report [IR] to SCE, and SCE will review it.
- SCE will calculate the actual final loan amount, based on the results of the IR approval, and the LTC provisions.
- SCE will issue 2 copies of the OBF Loan Agreement to you.
- You will sign, and have notarized, the Agreements and return to SCE.
- SCE will counter-sign the Agreements.
- SCE will provide you with 1 copy of the fully-executed Loan Agreement and will process the loan proceeds.



AN EQUUS INTERNATIONAL COMPANY

SEND TO: Southern California Edison, Business Incentives  
P. O. Box 800, Rosemead, CA 91770-0800  
E-mail: [BusinessIncentives@sce.com](mailto:BusinessIncentives@sce.com) | Fax: 626-633-3243  
Questions? 800-736-4777

If you have any questions, please contact your SCE Account Representative. You may also call us at (800) 736-4777 Monday through Friday, from 8:00a.m. to 5:00p.m., or send an e-mail to **[BusinessIncentives@sce.com](mailto:BusinessIncentives@sce.com)**. Please have your Project Number available for reference when you call, or include it in your e-mail.

Sincerely,

A handwritten signature in black ink, appearing to read 'Delia Williams'.

Delia Williams  
Program Manager - On Bill Financing  
Southern California Edison Company

Notice: The Federal Equal Credit Opportunity Act prohibits a creditor from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning SCE is the Federal Trade Commission, Equal Credit Opportunity, Washington DC 20580.



SEND ALL DOCUMENTS TO:  
 Business Incentives  
 Southern California Edison  
 P.O. Box 800  
 Rosemead, CA 91770-0800

September 27, 2016  
 Project Number: 368-16-0500866900  
 Project: Customized Solutions Approach

**Authorized Agent Information:**  
 Anthony Mitchell  
 EcoGreen Solutions  
 27611 La Paz Rd Ste A-2  
 Laguna Niguel, CA 92677

**Customer Information:**  
 Ralph Wright  
 Town of Apple Valley  
 13467 Navajo Rd  
 Apple Valley, CA 92308

RE: NOTICE OF CUSTOMIZED SOLUTIONS CONTRACT AND INCENTIVE APPROVAL

Dear Anthony Mitchell:

Thank you for submitting your Energy Management Solutions Incentive Application ("Application") for the Customized Solutions Program ("Program"). Your Application for incentives for the Project(s) described in your application has been reviewed and approved. Funds reserved are based on SCE approved savings estimate set forth below; however, the actual incentive payments will be made based on verified and actual savings' amounts:

<i>SCE Final Approved Savings and Incentive Estimate</i>				
SOLUTIONS DESCRIPTION	Code	kWh	kW	\$Incentive Amount
Interior LED fixture replacement (utilizing approved luminaries)	LT-17492	10,892.2	2.38	\$ 1,718.53
Exterior Screw-in LED Lamps	LT-45872	721.0	0.00	\$ 90.12
Exterior LED fixture replacements (utilizing approved luminaries)	LT-85834	19,127.8	0.00	\$ 2,390.97
<b>Total Approved Savings/Incentive Estimates</b>		30,741.0	2.38	\$ 4,199.62
<i>Project Cost Adjustment</i>				
<b>Total Estimated Incentive</b>				\$ 4,199.62
10% Measurement and Verification Adder (if applicable)				

If you do not concur with the energy savings and incentive amounts shown above, you have 30 days from the date of this letter to notify SCE, so that we can attempt to resolve your concern(s). If you do not notify us of any concerns within 30 days of this letter, the savings/incentive estimates set forth above will be deemed correct. If you agree with the estimates, you may proceed to purchase and install the above solution code(s) at any time. This Project Approval incorporates by reference the Application, including the Applicant Agreement regarding Program Terms and Conditions.

*Check out [www.sce.com](http://www.sce.com) \ To see if you qualify for the Comprehensive Bonus.*

After your project is **completely installed**, operational, and meets all requirements of the Program, which is described in detail in the Customized Statewide Procedures Manual for Business and at [www.sce.com/customized\\_solutions](http://www.sce.com/customized_solutions):

- **Complete, sign and submit the enclosed 2013-14 Customized Solutions Installation Report**  
Submit final invoices and/or documentation to support project cost, clearly detailing all costs associated with the project (equipment, labor, tax, etc.).
- Submit complete engineering calculations to demonstrate energy savings and documentation, if applicable (including archival diskette, CD, etc.).
- Submit schematic drawings and/or manufacturer specification sheets, if applicable.
- Operating Report, if measurement and verification is required.
- Submit Pump Curve (if applicable)

**NOTE:** As a reminder, the deadline for the project to be completely installed and operational is one year from the date of this Project Approval letter. Please submit the completed Installation Report within 30 days after installation and prior to the one year deadline.

Upon SCE review and approval of your completed Installation Report and supporting cost documentation, you will be notified in writing. Thereafter, SCE will process the incentive check or SCE utility bill credit, as applicable. If SCE is unable to approve your incentives based on the information provided, SCE may require you to submit other documents related to the Project, Project site, solutions, energy savings, or any other documents it requires, in its sole discretion, to make a decision on your Application.

If you have any questions, please contact your SCE Account Representative. You may also call us at (800) 736-4777 Monday through Friday, from 8:00a.m. to 5:00p.m., or send an e-mail to [BusinessIncentives@sce.com](mailto:BusinessIncentives@sce.com). Please have your project number available for reference when you call and include it in any e-mail correspondence.

Business Incentives Team  
Southern California Edison

*Check out [www.sce.com](http://www.sce.com) To see if you qualify for the Comprehensive Bonus.*

## On-Bill Financing Program - Preliminary Loan Term Calculation (LTC1)

Completion Date/Time: 8/17/2016 7:35 AM  
 Project Number: 368-16-0500866900  
 Service Account: 3-001-3084-22  
 Customer Number: 1-0-000-[]756  
 Customer Account Number: 2-02-800-4695  
 OBF Application Receipt Date: 5/31/2016

--- LTC1 ---  
 ACTUAL TERMS WILL BE CALCULATED  
 BASED ON FINAL REVIEW AND VERIFICATION  
 OF THE PROJECT INSTALLATION REPORT

LTC1 Reserved Amount is \$58,275.60  
 First month payment is \$485.63  
 119 subsequent monthly payments \$485.63

Project Type(s) : Customized  
 Market Segment: Government and Institutions  
 Business Name: APPLE VALLEY TOWN OF  
 Reference Name: TOWN OF APPLE VALLEY MINIGYM  
 Address: 13413 NAVAJO RD  
 City, CA Zip: APPLE VALLEY CA 92308

### PROJECT ECONOMIC SUMMARY

### EXPLANATION

A. AVERAGE ELECTRIC BILLING RATE—past 12 months (Cents/kWh)	\$ 0.18057	Based on Billing History
<b>B. ENERGY EFFICIENCY PROJECT SAVINGS</b>		
B. 1. Estimated Annual Kilowatt Hour Savings (kWh)	30,741.0	From Approved Project Application
B. 2. Estimated Annual Dollar(\$ ) Savings	\$ 5,827.56	Estimated Annual kWh Savings x Average Rate = \$ savings (8.1 x A)
B. 3. Estimated Monthly Dollar(\$ ) Savings	\$ 485.63	Estimated Monthly \$ Savings (B.2 / 12)
<b>C. COSTS</b>		
C. 1. Estimated Total Project Cost	\$ 63,958.56	From Approved Project Application
C. 2. Excess Project Cost	\$	Based on 20% Basic Lighting Cap Rule
C. 3. Estimated Total Rebate/Incentive	\$ 4,199.62	From Approved Project Application
C. 4. Other	\$	
C. 5. Estimated Potential Loan Amount (Gross Amount)	\$ 59,758.94	(C.1) - (C.2) - (C.3) - (C.4)
C. 6. LTC1 Reserved Amount	\$	From LTC1 calculation following Approved Project Application
C. 7. LTC2 Reserved Amount	\$	LTC2 Loan Amount per policy cannot be greater than LTC1 amount
<b>D. LOAN</b>		
D. 1. Gross Amount for Potential Financing	\$ 59,758.94	Lesser of (C.5) or (C.6) or (E.1.2) or (E.2.3) or other rules
D. 2. Monthly Loan Repayment Amount	\$ 485.63	(B.3)
D. 3. Actual loan term (Months)	124	Time required to repay loan in months (subject to exception analysis below)
D. 4. Actual loan term (Years)	10.3	Time required to repay loan in years: (D.3)/12
<b>E. LOAN LIMIT TESTS</b>		
<b>E. 1. Market Segment Amount of Loan Test (Min/Max Loan Amount)</b>		
E. 1.1. Market Segment Minimum Loan Amount	\$ 5,000	Minimum Loan Amount per Service Account or Bundle
E. 1.2. Market Segment Maximum Loan Amount	\$ 250,000	Com. Ind. Ag = \$100,000. G&I = \$250,000
E. 1.3. Within Market Segment Limit?	Y	Is D.1 within loan amount limits Y/N?
<b>E. 2. Customer Loan Limit Test (Previous Loans for this Service Account)</b>		
E. 2.1. Service Account Loan Amount Limit	\$ 250,000	(E.1.2) or \$1M for G&I Facility
E. 2.2. Previous Loans Reserved for this Service Account	\$	Total of previous OBF loans + reservations
E. 2.3. Estimated Amount Eligible for Loans	\$ 250,000.00	(E.2.1) - (E.2.2), If < 0, then 0.
E. 2.4. Within Available Amount?	Y	Is D.1.E.2.3 Y/N?
<b>E. 3. Length of Loan Test</b>		
E. 3.1. Loan Length Limit (months)	120	CIA (lighting) = 36, CIA (non-lighting) = 60, G&I = 120 months
E. 3.2. Within Loan Length Limit?	N	Is D.3 within limit Y/N?
<b>E. 4. Expected Useful Life (EUL) Loan Length Limit Test</b>		
E. 4.1. Applicable Measure EUL (months)	144	EUL in months of measure with greatest kWh contribution
E. 4.2. Within EUL Loan Length Limit?	Y	Is D.3 within limit Y/N?
<b>E. 5. EXCEPTION ANALYSIS (If any E.1 thru E.4. yields a "No")</b>		
<b>Exception Analysis Loan Minimum Requirement Test</b>		
Does the loan amount from Exception Analysis meet the \$5K loan minimum requirement? YES		
E. 5.1. First Payment Amount	\$ 485.63	Based on minimum loan requirement of \$5K and supplemental Exception Analysis, this amount qualifies for an estimated OBF loan.
E. 5.2. Subsequent Monthly Loan Repayment Amount	\$ 485.63	
E. 5.3. Subsequent Monthly Payments	119	
E. 5.4. Net Amount for Financing	\$ 58,275.60	

Expected Useful Life (EUL): Each measure is required to perform satisfactorily for a period of time. An EUL for each energy efficiency measure is assigned by the California Energy Commission (CEC).