



925 S. Main Street
Lebanon, Oregon 97355

TEL: 541.258.4905
www.lebanonoregon.gov

MEMORANDUM

City Manager's Office

Date: September 1, 2026

To: Mayor Jackola and City Council
From: Ron Whitlatch, City Manager
Subject: Street Light Conversion Contract and Interfund Loan Resolution Approval

Background

Pacific Power recently contacted the City regarding an opportunity to convert the City's existing street lighting system to energy-efficient LED fixtures. The proposed project would convert 635 Pacific Power-owned streetlights currently serving the City. The existing system includes a combination of high-pressure sodium (HPS) and mercury vapor (MV) fixtures. Under the proposed Street Lighting Agreement, Pacific Power will complete the conversion and, following completion, continue to maintain and operate the company-owned street lighting facilities in accordance with the applicable tariff. The replacement fixtures may be either Dark-Sky compliant 3000K or 4000K CCT lighting.

The estimated project cost is \$165,651. Under the agreement, the City is responsible for the actual cost of the conversion, including applicable project costs and support services. The final project cost may be adjusted based on the actual number of fixtures converted and other applicable project costs.

The project qualifies for significant incentives through the Energy Trust of Oregon (ETO). Based on the incentive information provided to the City, the anticipated ETO incentive is \$116,412.48, consisting of a standard incentive of \$68,092.48 and a bonus incentive of \$48,320.00. To qualify for the bonus incentive, the City must agree to proceed with the project and execute the contract before September 21, 2026.

The City will initially be responsible for paying Pacific Power the full project cost. After the project is completed, ETO will issue the incentive payment directly to the City. Based on the current estimated project cost and incentives, the City's estimated net project cost would be approximately \$49,238.52.

In addition to the upfront incentive, conversion to LED lighting will allow the City to qualify for reduced Customer Funded rates for LED street lighting. Pacific Power estimates that the City will save approximately \$24,130.68 annually in energy costs following completion of the

conversion. Based on the current project estimate and anticipated ETO incentive, the annual energy savings would recover the City's estimated net project cost in approximately two years. Thereafter, the reduced street lighting costs would provide ongoing savings to the City.

Pacific Power's agreement identifies an estimated project completion date of March 31, 2027. As part of the project, the City will also provide a secure, locked staging area at the Public Works Facility that will allow access to restrooms, dumpsters, a forklift, and recycling facilities.

This project was not included in the City's adopted budget for the current fiscal year. Staff is proposing a transfer of appropriations of \$50,000 from the Street Maintenance Fund's contingency to provide sufficient funding to complete the project.

Recommendation

Staff recommends that the City Council approve the Pacific Power Street Lighting Agreement for the LED conversion project and authorize the City Manager to execute the agreement on behalf of the City. Staff further recommends approval of Resolution No. 2026-22, authorizing a transfer of appropriations of \$50,000 to fund the project.