



REQUEST FOR COUNCIL ACTION

Title: Ameresco Audit Services Agreement for LED Streetlight Conversion and Sole Source Resolution

Preferred Agenda: August 8, 2023

Submitted By: Blair Larsen, Community & Economic Development Director

Reviewed By: Kelcey Young, City Manager

Type of Action: Resolution ____ Motion Roll Call ____ Other ____

Relevant Code/Policy:

Towards Council Goal: Aspiration IV: Viable and Sustainable Essential Services

Attachments: Ameresco Sweet Home Streetlight LED Conversion Presentation
Ameresco Master Agreement for Energy as a Service

Purpose of this RCA:

The purpose of this RCA is to present a proposed Energy-as-a-Service agreement with Ameresco to convert the City’s streetlights to more efficient LED technology. This Energy-as-a-Service (EaaS) arrangement allows the City to finance the conversion, and pay on the agreement through energy rate savings.

Background/Context:

The City of Sweet Home currently pays the electricity costs for 881 streetlights within the City. These streetlights are owned and maintained by Pacific Power. Pacific Power only upgrades lights to more efficient LED fixtures when those lights reach the end of their life. In the meantime, the City is left with the bill for the additional electricity required by these older, less efficient streetlights.

In March 2021, Ameresco gave a presentation to the City Council on their streetlight LED conversion services. If the City moves forward with an agreement, Ameresco would pay to upgrade the streetlights to LED, which would change the rates to Pacific Power to a lower rate, thus saving the City significant money on an annual basis. Ameresco would be paid out of a portion of the resulting savings for a period of time, after which the City would enjoy the full savings. At the March 2021 Council meeting, the consensus of the Council was to direct staff to bring a contract with Ameresco to the Council for approval at a future meeting.

In November 2022, the City Council approved an agreement with Ameresco to conduct an energy savings audit of our streetlights and determine the scope of a EaaS agreement, and the savings that would result from an LED streetlight conversion project. That audit is now complete, and Ameresco has prepared the attached presentation and agreement, so that the Council can determine whether or not the City should move forward with the project.

The Challenge/Problem:

Should the City approve a Master Energy-as-a-Service agreement with Ameresco for the conversion of the City’s streetlights to LED technology?

Stakeholders:

- Sweet Home Residents – Citizens deserve goth well-lit streets and for their tax dollars to be used efficiently.
- Sweet Home City Council – The City Council is charged with authorizing contracts for services, and ensuring that City funds are used efficiently and effectively.
- Ameresco – Energy services companies earn money by helping their customers make efficiency improvements—they are paid out of the resulting savings.

Issues and Financial Impacts:

If an agreement is made with Ameresco, the City could reduce energy costs for streetlights by over \$40,000 annually. The service payments are proposed at just under the estimated rate savings, as shown in the table below. In addition, the City qualifies for a rebate from Energy Trust of Oregon which would further reduce the City’s repayment obligation. That rebate is estimated to be approximately \$90,000. A letter from Energy Trust confirming the rebate amount is expected any day now.

Year	Estimated Rate Savings	Service Payments	Estimated Energy Trust Rebate	Total Payment	Net Annual Benefit
1	\$40,691	\$38,526	\$90,000	\$128,526	\$2,165
2	\$41,912	\$39,682	--	\$39,682	\$2,230
3	\$43,169	\$40,872	--	\$40,872	\$2,297
4	\$44,464	\$42,098	--	\$42,098	\$2,566
5	\$45,798	\$43,361	--	\$43,361	\$2,437
6	\$47,172	\$44,662	--	\$44,662	\$2,510
7	\$48,587	\$46,002	--	\$46,002	\$2,585
8	\$50,045	\$47,382	--	\$47,382	\$2,663
9	\$51,546	\$48,804	--	\$48,804	\$2,743
10	\$53,093	\$50,268	--	\$50,268	\$2,825
11	\$54,685	\$51,776	--	\$51,776	\$2,910
12	\$56,326	\$53,329	--	\$53,329	\$2,997
13	\$58,016	--	--	--	\$58,016
14	\$59,756	--	--	--	\$59,756

Elements of a Stable Solution:

A stable solution is one that saves money by converting City streetlights to LED fixtures without requiring capital funding from the City.

Options:

1. Do nothing – Make no agreement with Ameresco or any effort to convert streetlights to LED fixtures. This action would leave the City responsible for the cost of the audit services already conducted by Ameresco, which amounts to \$26,866.
2. Approve the Master Agreement for Energy-as-a-Service with Ameresco as presented and authorize the City Manager to sign the agreement.
3. Approve the Master Agreement for Energy-as-a-Service with Ameresco with changes (specify) and authorize the City Manager to sign the agreement. Any changes must be approved by Ameresco as well.
4. Direct Staff to research other options to accomplish the same goal.

Recommendation:

Staff recommends option 2: Approve the Master Agreement for Energy-as-a-Service with Ameresco as presented and authorize the City Manager to sign the agreement.