



City of Goodyear

Meeting Minutes

City Council Work Session

Mayor Georgia Lord
Vice Mayor Wally Campbell
Councilmember Joe Pizzillo
Councilmember Sheri Lauritano
Councilmember Bill Stipp
Councilmember Brannon Hampton
Councilmember Vacant

Meeting Location:
Goodyear Justice Center
14455 W. Van Buren St.,
Suite B101
Goodyear, AZ 85338

Monday, July 2, 2018

Goodyear Justice Center

Immediately following the Special Meeting that begins at 4:45 PM

1 CALL TO ORDER

Mayor Lord called the Work Session to order at 5:22 p.m.

2. ROLL CALL

Present 7 - Mayor Lord, Vice Mayor Campbell, Councilmember Pizzillo, Councilmember Lauritano, Councilmember Stipp, Councilmember Hampton, and Councilmember Kaino

Staff Present: City Manager Julie Arendall, City Attorney Roric Massey and City Clerk Darcie McCracken

3. AGENDA ITEMS FOR DISCUSSION:

- 3.1 [2018-6401ws](#) Council will receive a presentation on the costs, savings, and payback for LED street light conversion project. In addition, funding options will be discussed.

City Engineer Luke Albert and Finance Director Doug Sandstrom presented.

Mr. Albert stated on January 22, 2018, City Council approved \$100,000 for a street light audit project. Phase I of the project included an audit that was completed in April 2018 and pilot project fixtures that were installed in May 2018. The final implementation project costs, guaranteed energy savings and the APS rebate amount were identified in June 2018.

The city has an opportunity to receive a rebate of approximately \$200,000 for a city-wide conversion of existing High-Pressure Sodium (HPS) street lights to Light Emitting Diode (LED) street lights. In order to receive the benefits of the rebate, the LED street light conversion must be completed by November 1, 2018. This would be the proposed Phase II Conversion. From July to August 2018 the fixtures will be purchased and from August to October 2018 the fixtures will be installed. The proposed project includes a 10-year warranty on labor and materials, and the expected life of the

selected street light fixtures are 10 to 15 years.

- Total Cost with Tax: \$2,770,700
- Total Savings: \$414,300
 - Annual Energy Savings: \$306,100
 - Annual Maintenance Savings: \$108,200
- Simple Payback: 6.7 years
- Simple Payback using Net Costs (Net Costs include APS rebate): 6.2 years

Mr. Sandstrom stated that there are three funding options. Estimated project costs of \$2,770,700 are not included in the currently adopted budget nor anticipated in the CIP. Funding options are:

- 1) Finance as Tax-Exempt Lease purchase (now)
- 2) Utilize CIP Project reserves (now)
- 3) Determine funding through CIP Process

Option 1: Finance as Tax-Exempt Lease Purchase

- Use \$400,000 annual savings to pay debt service
 - 7-10 year financing based on final cost and interest rate
 - Estimated life of product is 10-15 years
- Receive \$200,000 APS rebate
 - Tight timeline
- Total Interest Cost \$500,000-\$700,000
- Minimal or no direct ongoing savings until end of lease term
 - Positive operational impact

Option 2: Utilize CIP Project reserves

- Upon project completion operating costs reduced by \$400,000 annually
 - Frees up ongoing general fund revenue
- Received \$200,000 APS rebate
 - Tight timeline
- Project not prioritized against other CIP projects
- Reduces available funding for other projects

Option 3: Determine funding through CIP process

- Project prioritized against other CIP projects
 - Impact on other projects fully known
- Ability to fully evaluate all project and funding options
 - Cash, Inter-fund loan, Lease-Purchase, Excise Tax loan
- Forego APS rebate of \$200,000

Council Discussion:

> Council asked if there was \$600,000 of one-time state shared revenue funds that were not

added to the budget. Mr. Sandstrom stated that staff does plan to receive approximately \$600,000 in state shared revenue and the budget was not modified for this amount.

> Council stated that anything we can do to use one-time money to bring down long-term operational cost is a good thing.

> Council asked if the reason this item is being acted upon expediently is due to the potential APS rebate. Mr. Sandstrom stated that is one of the reasons. If the Finance Department were to provide a recommendation, it would be to delay the project and use the Capital Improvement Project (CIP) process.

> Council would not like to place any other CIP projects behind this project which have already been committed to our residents.

> Council inquired what the total amount of interest is with option one. Mr. Sandstrom stated that it is \$500,000 - \$700,000.

> Council asked if there would be an incremental savings with a phased in approach. Mr. Albert stated that the \$400,000 per year is for the entire city and any phasing typically reduces in half each year.

> Council asked if we are able to get a portion of the APS Rebate. Mr. Albert stated that the city could opt to do part of the rebate, which is based on the number of lights replaced and total energy savings.

> Council asked if we could replace our lights incrementally and recoup costs. Mr. Sandstrom stated yes, but that would require immediate Council action to accelerate moving forward using the CIP project reserves or some level of debt to meet the November 1 deadline.

> Council asked if there will be APS rebates available next year. Mr. Albert stated that APS has changed their rebate program to focus on saving energy during day-time peak usage and streetlights save money during off peak. The rebate program is fully expected to terminate on November 1.

> Council asked why this project was pursued initially. Mr. Albert stated that the project was brought forth to Council in January due to potential savings and the APS rebate opportunity.

> Council stated that Historic Goodyear has expressed a desire for more lighting.

> Council asked how many polls are being considered. Mr. Albert stated that there are 9,100 city-owned lights that need replaced.

> Council asked what the resident feedback was on the 153 pilot LED lights that were installed. Mr. Albert stated that there was concern over light coming from a certain angle. City staff installed one back lighting shield in Sedella and one in Estrella Mountain Ranch to resolve.

> Council asked if staff has made a determination of which CIP projects would be placed behind this project if that option were chosen. Mr. Sandstrom stated that a CIP evaluation has not been done.

> Council asked if Community Development Block Grant (CDBG) funds would be available for Historic Goodyear. Mr. Albert stated that this is a CDBG eligible project.

> Council asked how long it would take to replace these lights with the normal replacement schedule. Mr. Albert stated that there are approximately 400, which is a relatively low number of fixtures that need replacement.

> Council asked how many light fixtures were changed out in the pilot. Mr. Albert stated there were 153 fixtures.

> **Council asked if we have a cost per fixture.** Mr. Albert stated it averages to approximately \$250 - \$300 a fixture.

> **Council asked if we have changed our build standard to include LED lights with new roads.**

Mr. Albert stated yes, it was implemented in the Engineering Design Standards brought to Council last year.

> **Council asked if the LED lights affect the dark sky.** Mr. Albert stated that there is no up lighting with these LED lights because they are directed right at the street.

> **Council stated that Avondale completed their LED install.**

> **Council stated there is concern over losing CIP projects that were approved.**

> City Council directed staff to do their due diligence and gather more information so Council can make a good solid decision on this project.

4. **INFORMATION ITEMS**

None.

5. **ADJOURNMENT**

There being no further business to discuss, Mayor Lord adjourned the Work Session at 5:50 p.m.

Darcie McCracken, City Clerk

Georgia Lord, Mayor

Date: _____