

Staff Report



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| To | Committee of the Whole |
| Service Area | Infrastructure, Development and Enterprise Services |
| Date | Monday, January 13, 2020 |
| Subject | Non-decorative LED Streetlight Upgrade Project Update |
| Report Number | IDE-2020-03 |

Recommendation

1. That Council authorize an increase in the approved project funding to be drawn from the Wastewater Capital Reserve Fund for the non-decorative LED streetlight upgrade project from \$8 million to \$9 million to ensure adequate contingency is available to address the observed high rate of existing inadequate electrical infrastructure to be rectified.
 2. That Council direct Staff to provide Wastewater Capital Reserve Fund repayment details prior to completion of the 2021 budget.
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Executive Summary

Purpose of Report

This report provides an update on the non-decorative LED streetlight upgrade project including the early identification of a potential funding gap due to observations of existing inadequate electrical infrastructure.

Key Findings

The non-decorative LED streetlight upgrade project is an initiative to convert all high pressure sodium (HPS) non-decorative streetlights to energy efficient LED streetlights. The project is funded through internal borrowing from the Wastewater Capital Reserve Fund and is to have operating savings repay the borrowed funds over time.

The project results in significant energy savings and greenhouse gas emissions reduction and supports the Corporate 100% Renewable Energy Target (100RE) and the Community Net Zero Carbon goal.

A strong foundation has been established through the initial inventory and data gathering stage. Data has been used to enable accurate photometric design, installation progress tracking, public communication, and asset management.

Monitoring indicates that nearly all of the existing electrical wiring for the “top-hat” style streetlights will require replacement. Consequently, the existing project budget contingencies may be exceeded.

Additional budget is required to ensure adequate contingency is available to address the observed high rate of existing inadequate electrical infrastructure to be rectified.

Financial Implications

The non-decorative LED streetlight upgrade project will result in significant annual energy and maintenance cost savings as follows:

- Anticipated energy cost savings - \$946,036 per year
- Anticipated maintenance cost savings - \$287,391 per year.

Project budget forecasts have been revised to address the rewiring issues and the potential of other issues that may arise. The project budget has been revised from \$8 million to \$9 million.

The revised project budget maintains a strong financial business case with a simple payback changing from 6 years to 8 years. Non-financial co-benefits include improved light quality for roadway safety, extended streetlight fixture life, electrical infrastructure upgrades and enhanced streetlight control and network communication.

Cost control measures are in place to manage cost and mitigate project risk:

- Weekly project team progress calls to proactively identify issues and develop mitigation strategies.
- Early stage request for additional contingency budget to allow for project continuity and to avoid future delays which will result in inefficient installation and escalated costs.
- Rewiring change orders to be authorized in a portioned or tranche format.
- Quality assurance checks are being conducted with third-party field investigations to ensure high quality workmanship and validate the veracity of issues and associated resolutions.
- Extend the reserve funding payback schedule to match the revised business case.

Report

The non-decorative LED streetlight upgrade project is an initiative to convert all high pressure sodium (HPS) non-decorative streetlights to energy efficient LED streetlights. The project is funded via internal borrowing from the Wastewater Capital Reserve Fund and is to have operating savings repay the borrowed funds over time.

Project Status Update

Inventory

Although only non-decorative streetlights are being upgraded, a detailed review has been completed of all streetlights (non-decorative and decorative) to develop a comprehensive database of the streetlight inventory. This was conducted in coordination with Alectra Guelph Hydro and harmonized with their records. The inventory phase involved site visits to each streetlight and the recording of relevant parameters for each streetlight such as coordinates, wattage, proximity to power

lines, roadway classification, roadway setbacks, etc. A GIS-based database was developed and will enable follow-on stages in the project (design, installation coordination and progress management, budget management, public communication, etc.). All 12,892 non-decorative streetlights and 1,161 decorative streetlights (totalling 14,053 streetlights) were inventoried.

Design – Non-Decorative LED Streetlights

Inventory information was used to establish baseline roadway lighting conditions and utilized for the non-decorative LED streetlight design. The primary design constraint was roadway lighting conditions to ensure safety by meeting or improving on the existing roadway lighting conditions and striving for best of class RP-8 roadway lighting guidelines. Other key design parameters included managing light pollution, energy efficiency and greenhouse gas emissions reduction, lifecycle cost (operating and capital cost) management, maintainability, inventory management and ease of install. Photometric designs and 3-dimensional lighting models were completed for locations throughout the City.

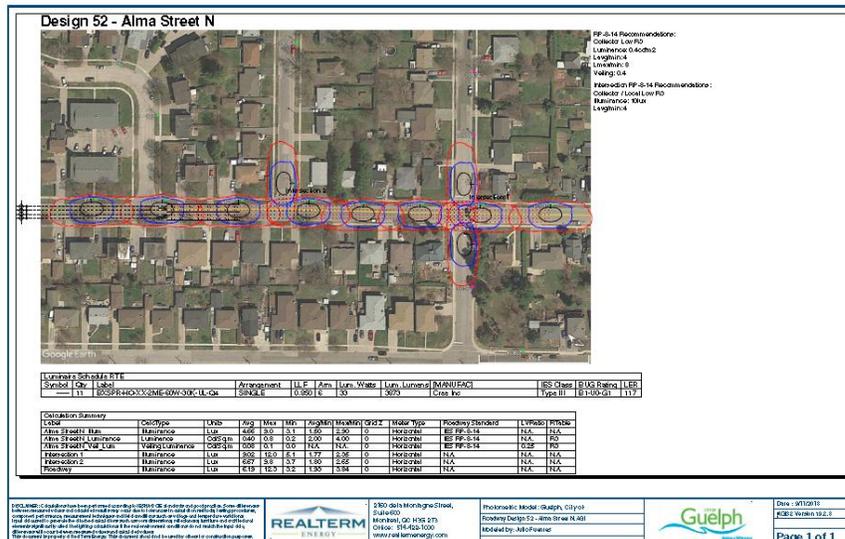


Figure 1: Sample photometric LED streetlight design

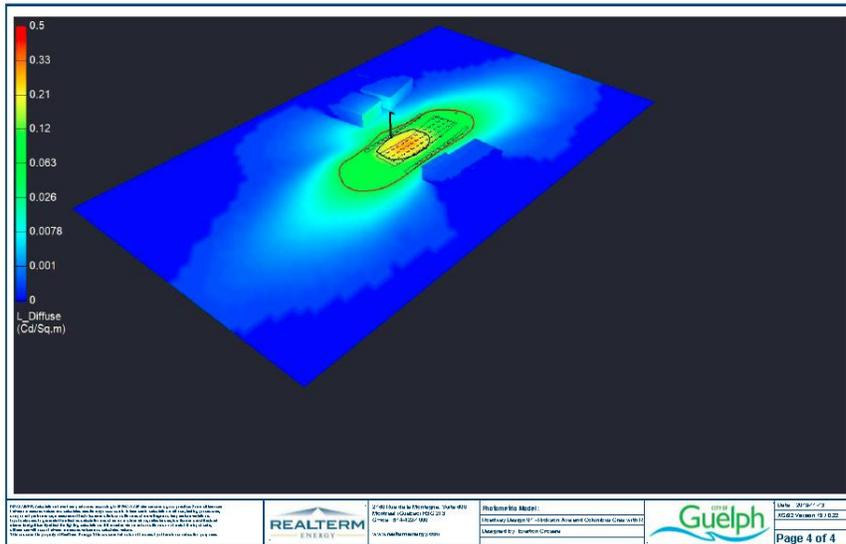


Figure 2: Sample 3D lighting model

In addition to the photometric design, electrical upgrades for the streetlight system were also designed. For over 8,000 streetlights, the existing wiring does not have an electrical demarcation that separates the Alectra Guelph Hydro owned utility grid and the City owned streetlights. The electrical designs specified new fuse holders for these locations. For all streetlights, electrical designs specified new fuses to match the new LED streetlight electrical load characteristics. The electrical upgrades are to improve the electrical infrastructure of the streetlight network, enhance safety throughout the streetlight system, and meet Electrical Safety Authority (ESA) requirements.

Designs have been loaded into the GIS database.

Non-Decorative LED Streetlight Fixtures

12,892 LED streetlight fixtures have been purchased and delivered. 3 different models are utilized to appropriately match photometric designs while keeping maintenance and spares inventory manageable.

The LED streetlight fixtures are warrantied for 10 years and have a rated life of over 100,000 hours without light output degrading to 70% of original output. City of Guelph streetlights operate approximately 4,300 hours per year, resulting in an expected life of greater than 23 years. This far exceeds the 5 year replacement schedule of the old high pressure sodium lighting.

All selected LED streetlights output light at 3000K correlated colour temperature (CCT) and are approved by the International Dark Sky Association.

Networked Photocontrols

Alectra Guelph Hydro with Silver Spring Networks (SSN), has developed a wireless communications network for Advanced Metering Infrastructure (AMI) and Smartgrid applications. Alectra Guelph Hydro uses this infrastructure for mission-critical daily business operations, including daily smart meter interrogation, and real-time monitoring and control of the electric distribution system. Through collaboration and review with Alectra Guelph Hydro, it was established that the SSN communications network had additional capacity to support the LED streetlight

networked photocontrols. By leveraging the SSN communications network, additional capital expenditure for separate communication network infrastructure is avoided.

Network access and maintenance costs, based on internal estimates, are in the range of \$150,000 to \$250,000 per year.

By investing in networked photocontrols and building on the SSN communications network, the City is investing in an asset that will improve services through greater use of technology and enable future city building initiatives.

Installation

Alectra Power Services was selected as the prime contractors for the LED streetlight upgrade project. This was to leverage existing knowledge and expertise of the City of Guelph streetlight and utility network and also experience working on other municipal LED streetlight upgrade projects. Over 5,000 streetlights are mounted on Alectra Guelph Hydro poles and are in close proximity to high voltage power lines. Streetlight upgrades at these locations require specially trained linesman to ensure worker safety and avoid damage to the utility grid.

As part of the installation, the contractors use tablets that are loaded with an application (refer to Figure 3) that is connected to the inventory/design database. The installers are informed, in real time, of the required installation work for each location. In addition, as the install work is being completed, the tablets are used to scan barcodes of the LED streetlight fixture and networked photocontrol nodes for immediate upload to the GIS database. This is for project progress tracking and quality assurance procedures. The public can follow installation progress by visiting the City website at the following [link](#). The information will also be used for future commissioning and asset management purposes.

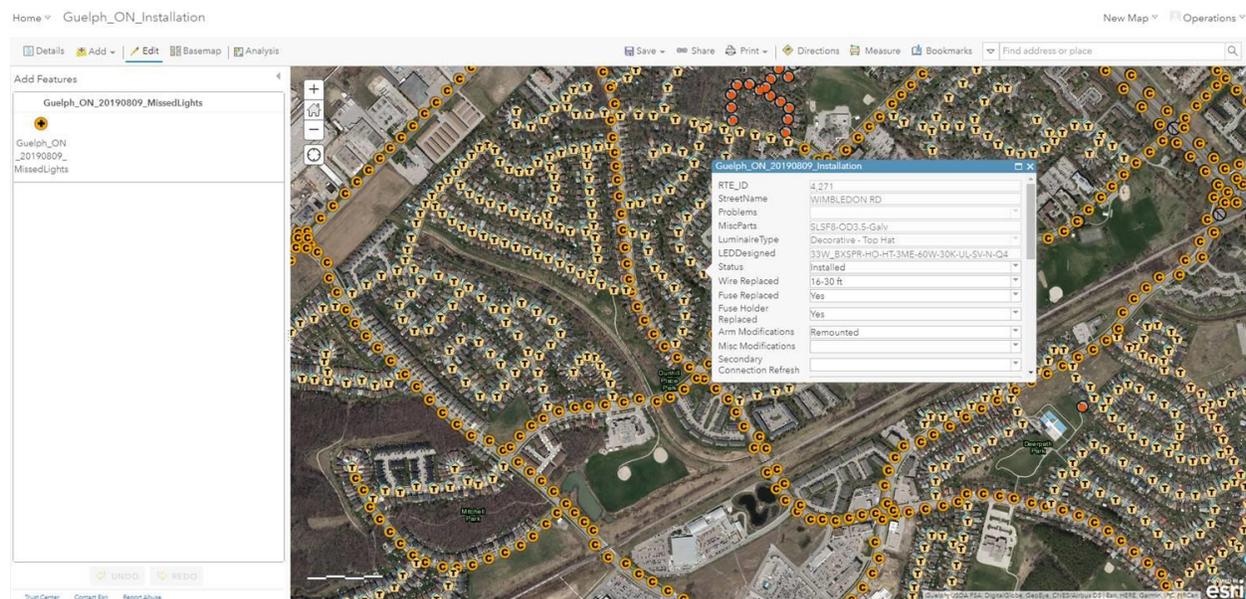


Figure 3: Installation application with design information and data gathering

The installation phase began October 15, 2019 with one crew and will grow to five crews by the end of 2019. Additional crews will be added in 2020. The progressive increase in crew numbers is to ensure proper training of the installation and data

collection process. Approximately 2,000 lights are to be installed by the end of 2019. Weekly progress calls are held and are for project team members to discuss team coordination items and report potential project issues in a proactive manner.

Rewiring

At the beginning of the installation phase, it was observed that inadequate wiring (wire-size too small and no electrical ground connection) was previously installed in the existing “top-hat” style streetlights. The wiring does not meet the streetlight installation specifications and does not meet ESA requirements, and therefore rewiring is required in these cases.

Budgeting for the installation phase of work anticipated the need for full length rewiring. A conservative approach was taken by applying a higher-than-typical estimate to include budget allowance for over 1,000, or 25%, of the “top-hat” style streetlights to be rewired. During the November 22, 2019 progress call, an update was provided that the inadequate wiring issue persisted with close to 100% of the “top-hat” installations to date. This is a strong indication that nearly all of the existing electrical wiring for these “top-hat” style streetlights will require replacement.

Financial Implications

Cost Savings Estimates

Using the existing inventory and the LED streetlight design, as well as historical electrical utility bills and maintenance records, a detailed assessment was completed to develop an accurate forecast of lifecycle cost savings, as well as energy savings and greenhouse gas emissions reductions.

The following Table 1 is a summary of the estimated non-decorative LED streetlight upgrade project savings:

| | Before Upgrade | After Upgrade | Estimated Savings | Percent Savings |
|--|-----------------------|--|--------------------------|------------------------|
| Annual Electricity Consumption (kWh) | 9,464,874 | 2,749,655 | 6,715,219 | 71% |
| Annual Greenhouse Gas Emissions (kgCO₂e) | 189,297 | 54,993 | 134,304 | 71% |
| Annual Electricity Costs | \$1,675,615 | \$729,579 | \$946,036 | 56% |
| Annual Streetlight Maintenance Costs | \$359,239 | \$71,848 | \$287,391 | 80% |
| Annual Networked Photocontrols Network Access and Maintenance | \$0 | \$250,000 (based on internal estimates) | -\$250,000 | n/a |
| Total Streetlight Operating Expenditure | \$2,034,854 | \$1,051,427 | \$983,427 | 48% |
| Average Annual Operating Cost per Fixture | \$157.84 | \$81.56 | \$76.28 | 48% |

Table 1: Estimated project energy savings, greenhouse gas emissions reductions and cost savings

The project results in significant energy savings and greenhouse gas emissions reduction and supports the Corporate 100% Renewable Energy Target (100RE) and the Community Net Zero Carbon goal.

Save on Energy Incentive

The provincial Independent Electricity System Operator (IESO) provides energy conservation incentives under the Save on Energy program. The Non-decorative LED Streetlight Upgrade project has been pre-approved for an upper incentive amount of \$726,750. The incentive will be paid upon completion of the upgrade project with the incentive amount finalized based on the energy savings results.

Project Budget Update

In the July 4, 2017 Staff Report (IDE 17-59), a total project budget of \$8 million was requested and to be funded via internal borrowing from the Wastewater Capital Reserve Fund. At the time, this was based on a preliminary review including a relatively smaller scope of 12,655 non-decorative streetlights and limited knowledge of other project elements related to streetlighting, network photocontrols and electrical infrastructure.

Although the project budget was limited, effective coordination and design with the project stakeholders allowed for the overall project to fit within the \$8 million budget while accommodating the upgrade of all 12,892 non-decorative streetlights and without sacrificing quality. However, this left little room for contingency.

Observations of higher than expected inadequate wiring issues indicate that project costs will exceed existing budget and contingencies. Project budget forecasts have been revised to address the rewiring issues and the potential of other issues that may arise. The following Table 2 is a summary of the revised project costs, utility incentives and business case.

| | Original | Revised |
|--|-------------|-------------|
| Project Budget | \$8,000,000 | \$9,000,000 |
| IESO Incentive | \$750,000 | \$726,750 |
| Project Cost after IESO Incentive | \$7,250,000 | \$8,273,250 |
| Annual Cost Savings | \$1,263,000 | \$983,427 |
| Simple Payback | 6 | 8 |

Table 2: Revised project cost, utility incentive and business case

Cost Control Measures and Risk Mitigation

Several measures are currently in place and will be added to further manage cost and mitigate project risk:

- Weekly project team progress calls to proactively identify issues and develop mitigation strategies
- Early stage request for additional contingency budget to allow for project continuity and to avoid future delays which will result in inefficient installation and escalated costs
- Rewiring change orders to be authorized in a portioned or tranche format. This is a balanced approach to provide sufficient room for the installation team to continue working in an efficient manner while actively monitoring the rewiring issues.
- Quality assurance checks are being conducted with third-party field investigations to ensure high quality workmanship and validate the veracity of issues and associated resolutions

- Extend the reserve funding payback schedule to match the revised business case.

Consultations

Members of staff that were consulted and provided information, review and insight include:

- Patricia Zukowski – Senior Corporate Analyst Financial Strategy; Finance
- Brent Andreychuk – Corporate Analyst; Finance

Strategic Plan Alignment

This report recommends further investment into City infrastructure and assets while maintaining a strong business case and significantly reducing energy consumption and greenhouse gas emissions. The recommendations within this report align well with the “Building Our Future” and “Sustaining Our Future” priorities.

Attachments

None

Departmental Approval

- Greg Clark – Manager Financial Strategy Long Term Planning; Finance

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