

Subject: Update on the LED Streetlight Replacement Project**Recommendation:**

BE IT RESOLVED THAT Council receive Report #2023-0092 – Update on the LED Streetlight Replacement Project, for information.

Background:

On October 3, 2022, staff presented to council report #2022-231-Public Works – Update on the LED Streetlight Replacement Project. The purpose of the report was to provide the results of the IGA for Phase 1 of the project, provide an update on Phase 1 scope and project schedule, and provide an updated cost estimate for the entire conversion including Phase 2.

Analysis:

In November 2022, RealTerm began Phase 1 of the conversion program for the entire streetlight network for the Town of Pelham. It was anticipated that the installation of 564 fixtures would be completed in December 2022. However, due to weather conditions, the schedule was delayed to the new year. Throughout the month of November to December 2022, RealTerm completed 45% of the project, which equated to the installation of 226 of 564 fixtures.

At the end of January 2023, RealTerm completed 90% of the project which translated to 496 fixtures installed. Once again, due to weather conditions, the project schedule was pushed to be substantially completed by the first week of February 2023.

On February 23, 2023, RealTerm arranged an Installation Review Meeting with Town Staff and the contractor. The purpose of the meeting was to address deficiencies and determine the next steps following the installation period. The LED Streetlight Replacement Project Phase 1 has officially transitioned from installation to reconciliation. This means the installation has been successfully completed and moved to the maintenance period of the contract.

At its February 7th, 2022 regular meeting of Council, staff recommended that Council endorse and approve the Town entering into an agreement with RealTerm Energy Corporation to implement an LED Streetlight conversion program for the entire streetlight network.

Based on inflationary costs and following the completion of the initial IGA the revised cost to complete the entire conversion project is estimated at \$950,000. In the report, 2022-0036 (February 7, 2022) Council authorized the award of the project and entered into an agreement with Realterm Energy at an estimated amount of \$621,810 (plus applicable taxes) with the first phase of the project to be completed in 2022 to an upset limit of \$250,000.

Council has approved Capital Project RD-04-23 in the amount of \$700,000 to undertake Phase 2 of the project. Staff intends to move forward with Phase 2 of the project and to provide an updated contract to RealTerm Energy in the amount of \$700,000 (including applicable taxes) to complete the work. Phase 2 of the project will commence in the spring of 2023 and will be completed by the end of the calendar year 2023.

Overall, it is estimated that the Town's total savings for the Phase 1 and Phase 2 conversion will be approximately 74% representing a capital project cost payback of approximately 3.8 years.

Financial Considerations:

The total estimated cost to complete the LED conversion project based on the estimates provided by RealTerm Energy following the Phase 1 IGA is now \$950,000.

Phase 1 of the project included the replacement of 564 fixtures at a total cost of \$249,947 (including applicable taxes).

Based on the information received from the IGA the Town should realize approximately 74% in cost savings for utility operating costs (hydro) and reduced maintenance costs. For 564 fixtures this represents approximately \$62,526 per year resulting in a project payback of 3.8 years on the capital investment.

Staff recommended Phase 2 of the project as part of the 2023 Capital Budget in the amount of \$700,000 for Council's consideration. At its regular meeting on February 6, 2023 Council approved the 2023 Capital Budget and the \$700,000 required to complete Phase 2 of the LED Streetlight replacement project.

Alternatives Reviewed:

There were no alternatives reviewed in the drafting of this report since it is an update to Council on a previously approved capital project.

Strategic Plan Relationship: Grow Revenue - Promote Cultural Assets and Protect Environment

Providing a reliable and efficient street lighting network allows for the safe and efficient transportation of vehicles and pedestrians within the Town. In addition, an LED Streetlight Conversion program is in alignment with the implementation of the Town's Climate Change Adaption Plan helping to reduce energy usage and reduce greenhouse emissions and also provides an economic benefit to the Town through lower operation and maintenance costs.

Consultation:

Consultation was undertaken with RealTerm Energy in the preparation of this report.

Other Pertinent Reports/Attachments:

APPENDIX A – Phase 1 LED Conversion end of project meeting minutes.

Council Report #2022-0231 – Update on the LED Streetlight Replacement Project

Council Report #2022-0036 – LED Streetlight Conversion Binding Letter of Engagement between the Town of Pelham and RealTerm Energy Corp

Council Report #2021-0206 - Options for Implementing an LED Streetlight Conversion Program in the Town of Pelham

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