

Duluth Street Light Fee - 5 Year Phase-Out Framework

2014 Approved

Current Revenue:	\$ 2,200,000.00
Capital Equipment (LED Purchase)*	\$ (400,000.00)
Revenue that will need to be replaced	\$ 1,800,000.00

Year	Fee Revenue Reduction	Balance Needed	1 Unit	2 Unit	3 Unit	4+ Unit	Commercial
FY2014 (Base Year)	\$-	\$2,200,000.00	\$5.00	\$10.00	\$15.00	\$18.00	\$18.00
FY 2015	\$220,000.00	\$1,580,000.00	\$4.50	\$9.00	\$13.50	\$16.20	\$16.20
FY 2016	\$440,000.00	\$1,140,000.00	\$3.50	\$7.00	\$10.50	\$12.60	\$12.60
FY 2017	\$440,000.00 \$110,000	\$700,000.00 \$1,030,000	\$2.50 \$3.25	\$5.00 \$6.50	\$7.50 \$9.75	\$9.00 \$11.70	\$9.00 \$11.70
FY 2018	\$220,000.00 \$440,000	\$480,000.00 \$590,000	\$2.00 \$2.25	\$4.00 \$4.50	\$6.00 \$6.75	\$7.20 \$8.10	\$7.20 \$8.10
FY 2019	\$220,000.00 \$330,000	\$260,000.00	\$1.50	\$3.00	\$4.50	\$5.40	\$5.40
FY 2020	\$260,000.00	\$-	\$-	\$-		\$-	\$-
Total	\$1,800,000.00						

* - This capital equipment purchase will not be needed after all LED's are installed. This elimination does not include "Capital Improvements from Current Revenues" historically funded around \$35,000.

Notes:

This plan does not take into account maintenance and electricity cost savings from the newly installed efficient LED streetlights and signal lights. This plan also makes no attempt to predict future inflationary increases in costs or increases in electricity rates; we believe that the cost savings from LED lighting will provide a buffer against inflationary costs. This plan does not reduce the "Sign & Signal Supplies" line item or the "Street Lighting Supplies" line item. Both of these line items will actually be reduced significantly after all LED streetlights and signal lights are installed making this a very conservative budget plan.

Presented by: Councilors Filipovich & Sipress