

EXHIBIT A

PUBLIC WORKS & UTILITIES COMMITTEE

14-0611R

RESOLUTION ESTABLISHING A FRAMEWORK TO PHASE OUT THE CITY OF DULUTH STREET LIGHTING FEES.

BY COUNCILORS SIPRESS AND FILIPOVICH:

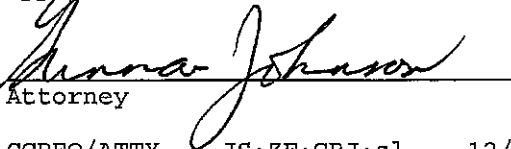
WHEREAS, the city council voted to eliminate the street lighting system utility effective December 31, 2019 via Ordinance 14-037; and

WHEREAS, to accomplish this council's goal to eliminate all street lighting fees, an alternative source of revenue to fund street lighting and signal lighting operations must be identified; and

WHEREAS, the shift in funding for street lighting and signal lighting operations is best accomplished in a gradual and planned manner; and

THEREFORE, BE IT RESOLVED, that the city council endorses a five year phase-out of the street lighting fees as outlined in Attachment A, a copy of which is on file in the office of the city clerk as Public Document No. _____.

Approved as to form:


Attorney

CCREQ/ATTY JS:ZF:GBJ:s1 12/02/14

STATEMENT OF PURPOSE: The purpose of this resolution is to provide for a 5 year framework for phasing out street lighting system utility fees. The five year framework will allow the council to plan and identify alternative sources of revenue for street and signal lighting operations.

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	\$ 700,000.00	\$ 2.50	\$ 5.00	\$ 7.50	\$ 9.00	\$ 9.00
FY 2018	\$ 220,000.00	\$ 480,000.00	\$ 2.00	\$ 4.00	\$ 6.00	\$ 7.20	\$ 7.20
FY 2019	\$ 220,000.00	\$ 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