



COUNCIL STAFF REPORT

CITY COUNCIL *of* SALT LAKE CITY

TO: City Council

FROM: Lehua Weaver, Senior Public Policy Analyst, Jan Aramaki, Senior Public Policy Analyst

DATE: June 2, 2016 12:51 PM

RE: Resolution: Changing Enhanced Street Lighting from Special Assessment Areas to Monthly Fees

Legislative Sponsor:

PROJECT TIMELINE:
Briefing: Tuesday, May 31, 2016
SetDate: 05/24/ 2016 7:00 PM
Public Hearing: Tuesday, June 7, 2016 at 7:00 PM
Potential Action: 06/14/2016
Clearline

Council analysis was not prepared for this item. Please refer to the attachments for more information.

ATTACHMENTS:

- Resolution - Changing Enhanced Street Lighting from Special Assessment Areas to Monthly Fees (PDF)

RESOLUTION No. of ____ 2016

(Changing Funding Source For Enhanced Street Lighting
From Special Assessment Areas to Monthly Fee)

WHEREAS, the City Council has determined that areas within the City that have enhanced street lighting, known as Lighting Districts No.1 (Lo1), No. 2 (Lo2), and No. 3 (Lo3), should pay for such lighting through a separate fee and that City should no longer utilize special assessment areas to collect revenue to pay for necessary maintenance and operations; and

WHEREAS, consistent with Section 17.95.300 of the City Code, the City Council will adopt an ordinance amending Salt Lake City consolidated fee schedule to include fees for enhanced street lighting that will allow for the collection of funds necessary to pay for the necessary maintenance and operations of enhanced street lighting within the City; and

WHEREAS, the City Council finds that accounts related to existing enhanced street lighting special assessment areas should remain open in order to collect outstanding balances owing, even though future assessments will not be made for these existing special assessment areas; and

WHEREAS, the City Council finds that there is good cause to collect enhanced street lighting fees beginning July 1, 2016.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

1. To fund the operations and maintenance of enhanced street lighting the City shall utilize fees collected as allowed under the Salt Lake City consolidated fee schedule and Section 17.95.300 of the City Code.

2. Effective Date. This Resolution shall become effective on the date of July 1, 2016.

Passed by the City Council of Salt Lake City, Utah this ___ day of _____, 2016.

CHAIRPERSON

ATTEST:

CITY RECORDER

CITY RECORDER

(SEAL)

HB_ATTYY-#53110-v1-Resolution_Concerning_Funding_for_Enhanced_Lighting_6-16

APPROVED AS TO FORM	
Date:	6/2/16
By:	ER Vetter
Print:	E.R. Vetter

3. Motion (ID # 1780)

Motion: Amend the Street Lighting Utility Fund budget for fiscal year 2016-17 - Accept public comment regarding a motion to amend the budget of the Street Lighting Utility Fund to reflect the new revenue and expenses from enhanced street lighting areas. Refer to the items adopting the annual budget for fiscal year 2016-17 for detail of how the Street Lighting Fund will be adjusted for this change.

Council analysis was not prepared for this item. Please refer to the attachments for more information.

ATTACHMENTS:

- Enhanced Lighting Budgets (PDF)
- Key Changes (PDF)

STREET LIGHTING UTILITY						
ENTERPRISE FUND						
BUDGET SUMMARY						
FY 2017-2019						
				Rate increase 0%	Rate increase 0%	Rate increase 0%
	AMENDED	PROJECTED	PROPOSED	FORECAST	FORECAST	
	ACTUAL	ACTUAL	BUDGET	BUDGET	BUDGET	
SOURCES	2014-15	2015-16	2015-16	2016-17	2017-18	2018-19
REVENUES						
STREET LIGHTING FEES (Base)	\$ 3,239,306	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000
ENHANCED LIGHTING TIER 1				169,964	169,964	169,964
ENHANCED LIGHTING TIER 2				177,291	177,291	177,291
ENHANCED LIGHTING TIER 3				605,116	605,116	605,116
INTEREST INCOME	5,107	30,000	30,000	30,000	30,000	30,000
OTHER REVENUES	36,644	2,000	2,000	2,000	2,000	2,000
TOTAL REVENUES	3,281,057	3,232,000	3,232,000	4,184,371	4,184,371	4,184,371
OTHER SOURCES						
GRANTS & OTHER RELATED REVENUES	-	-	-	-	-	-
BOND PROCEEDS (Tier 2)	-	-	-	972,000	-	-
BOND PROCEEDS (Tier 3)				1,528,000		
TOTAL OTHER SOURCES	-	-	-	-	-	-
TOTAL SOURCES	\$ 3,281,057	\$ 3,232,000	\$ 3,232,000	\$ 6,684,371	\$ 4,184,371	\$ 4,184,371
EXPENSES & OTHER USES						
EXPENDITURES						
PERSONNEL SERVICES	95,839	232,272	232,272	196,416	200,344	204,351
OPERATING & MAINTENANCE	2,264	-	-	5,800	5,916	6,035
TRAVEL & TRAINING	1,960	2,500	2,500	2,500	2,550	2,601
UTILITIES	729,484	1,011,000	1,011,000	998,468	1,011,000	1,011,000
TIER 1 EXPENSE				73,143	74,605	76,098
TIER 2 EXPENSE				105,994	85,356	67,734
TIER 3 EXPENSE				499,519	395,604	308,705
PROF & CONTRACT SERVICES	819,199	990,000	990,000	1,020,204	1,040,608	1,061,420
DATA PROCESSING	-	-	-	-	-	-
FLEET MAINTENANCE	-	-	-	-	-	-
ADMINISTRATIVE SERVICE FEE	11,665	20,000	20,000	20,000	20,400	20,808
PAYMENT IN LIEU OF TAXES	-	-	-	-	-	-
RISK MANAGEMENT	(10,286)	-	-	-	-	-
TRANSFERS TO GENERAL FUND	-	-	-	-	-	-
OTHER CHARGES AND SERVICES	3,513	325	325	637	332	338
TOTAL EXPENDITURES	1,653,638	2,256,097	2,256,097	2,922,681	2,836,715	2,759,090
OTHER USES						
CAPITAL OUTLAY	-	-	-	-	-	-
TIER 1 CAPITAL				81,358	82,986	
TIER 2 CAPITAL				481,762	491,398	
TIER 3 CAPITAL				757,601	772,753	
CAPITAL IMPROVEMENT BUDGET	749,039	1,170,000	1,124,245	1,000,000	1,050,000	1,000,000
DEBT SERVICES (Tier 2)	-	-	-	47,304	94,608	94,608
DEBT SERVICES (Tier 3)				74,376	148,752	148,752
TOTAL OTHER USES	\$ 749,039	\$ 1,170,000	\$ 1,124,245	\$ 2,442,401	\$ 2,640,497	\$ 1,243,360
TOTAL USES	\$ 2,402,677	\$ 3,426,097	\$ 3,380,342	\$ 5,365,082	\$ 5,477,212	\$ 4,002,450
EXCESS REVENUE AND OTHER SOURCES OVER (UNDER) USES	\$ 878,380	\$ (194,097)	\$ (148,342)	\$ 1,319,289	\$ (1,292,841)	\$ 181,921
OPERATING CASH BALANCES						
BEGINNING JULY 1	498,857	1,377,237	1,377,237	1,228,895	2,548,184	1,255,343
ENDING JUNE 30	1,377,237	1,183,140	1,228,895	2,548,184	1,255,343	1,437,264
Cash Reserve Ratio	0.83	0.52	0.54	0.87	0.44	0.52
Cash reserve goal above 10%						
Operating cash balance is defined as total cash less restricted amounts for bond covenants and outstanding accounts payable.						

Attachment: Enhanced Lighting Budgets (1780 : Motion: Amend the Street Lighting Utility Fund budget for fiscal year 2016-17)

OTHER FUND KEY CHANGES

ISSUE	FY 2016 Adopted Budget	Full Time Equivalent	Changes from FY 2016 Budget	FY 2017 Budget
Street Lighting Enterprise Fund (FC 48)				
Revenue and Other Sources				
FY 16 Beginning Balance-base lighting	3,232,000			
Enhanced Lighting Tier 1 Decorative			169,964	
Enhanced Lighting Tier 2 Historical			177,291	
Enhanced Lighting Tier 3 Multilights			605,116	
Bond Proceeds Tier 2			972,000	
Bond Proceeds Tier 3			1,528,000	
Total Revenues and Other Sources Budget			3,452,371	6,684,371
Expenses and Other Uses				
FY 16 Beginning Balance-base lighting	3,206,097	3.0		
Increase of 2% cola, increase benefits and reduction of 1.0 FTE		(1.00)	(35,856)	
Increase in operations & maintenance			5,800	
Decrease in electricity costs			(12,532)	
Increase in professional & technical services			30,204	
Increase in other charges and Services			312	
Increase in capital improvements			50,000	
Enhanced Tier 1 expenses (new)			73,143	
Enhanced Tier 2 expenses (new)			105,994	
Enhanced Tier 3 expenses (new)			499,519	
Enhanced Tier 1 capital expenses (new)			81,358	
Enhanced Tier 2 capital expenses (new)			481,762	
Enhanced Tier 3 capital expenses (new)			757,601	
Enhanced Tier 2 debt service expense (new)			47,304	
Enhanced Tier 3 debt service expense (new)			74,376	
Total Expenditures and Other Uses Budget		2.0	2,158,985	5,365,082
Budgeted revenues and other sources over (under) expenditures and other uses				1,319,289
Water Utility (FC 51)				
Revenue and Other Sources				
FY 16 Beginning Balance	69,017,763			
Rate increase of 4%			2,581,338	
Additional Reimbursement for Billing Services			241,220	
Transfer in from Insurance Fund			364,798	
Total Revenues and Other Sources Budget			3,187,356	72,205,119
Expenses and Other Uses				
FY 16 Beginning Balance	74,025,415	251.30		
Increase of 2% cola, benefits, step upgrades, and 0.75 FTEs		0.75	1,281,907	
Decrease in materials and supplies			(81,850)	
Increase in Metropolitan Water rates			1,523,211	
Decrease in payments to City			(263,003)	
Increase in utilities			131,066	
Increase water stock assessments			102,000	
Increase in other charges and services			21,772	
Increase in capital purchases			1,015,751	
Increase in capital improvements			3,701,220	
Decrease in debt service			(52,392)	
Transfer to Data Processing Fund			64,167	
Total Expenditures and Other Uses Budget		252.05	7,443,849	81,469,264
Budgeted revenues and other sources over (under) expenditures and other uses				(9,264,145)

Attachment: Key Changes (1780 : Motion: Amend the Street Lighting Utility Fund budget for fiscal year 2016-17)

Sewer (FC 52)**Revenue and Other Sources**

FY 16 Beginning Balance	26,877,189			
Rate Increase 12%			2,700,263	
Decrease in interest income			(50,000)	
Decrease in other revenues			(20,000)	
Decrease in reimbursements due to closure of Northwest Oil Drain Project			(2,980,000)	
Increase in bond proceeds			63,208,000	
Transfer in from Insurance Fund			3,736	
Total Revenues and Other Sources Budget			62,861,999	89,739,188

Expenses and Other Uses

FY 16 Beginning Balance	34,340,151	109.85		
Increase of 2% cola, benefits, step upgrades, and 0.5 FTEs		0.05	558,639	
Increase in materials and supplies			316,740	
Increase in travel and training			15,105	
Increase in utility costs			12,528	
Decrease in professional services			(54,500)	
Increase in fleet maintenance			10,000	
Decrease in payment in lieu of taxes			(72,006)	
Increase in risk management			2,195	
Other various increases			51,598	
Decrease in capital outlay			(190,300)	
Increase in capital improvements			57,843,533	
Increase in debt service			4,206,089	
Transfer to Data processing Fund			31,241	
Total Expenditures and Other Uses Budget		109.90	62,730,862	97,071,013
Budgeted revenues and other sources over (under) expenditures and other uses				(7,331,825)

Storm Water Utility (FC 53)**Revenue and Other Sources**

FY 16 Beginning Balance	8,867,000			
No changes				
Total Revenues and Other Sources Budget			0	8,867,000

Expenses and Other Uses

FY 16 Beginning Balance	12,070,398	28.35		
Increase of 2% cola, benefits, step upgrades, and 1.75 FTEs		1.75	297,441	
Increase in operation and maintenance			9,000	
Increase in travel & training			905	
Increase in utilities			33,720	
Decrease in professional services			(199,500)	
Decrease in amounts paid to other city departments			(114,286)	
Other various decreases			(31,812)	
Decrease in capital equipment purchases			(18,500)	
Decrease in capital improvements			(35,833)	
Decrease in debt service			(8,228)	
Transfer to Data processing Fund			6,016	
Total Expenditures and Other Uses Budget		30.10	(61,077)	12,009,321
Budgeted revenues and other sources over (under) expenditures and other uses				(3,142,321)



COUNCIL STAFF REPORT

CITY COUNCIL *of* SALT LAKE CITY

TO: City Council

FROM: Jan Aramakii, Senior Public Policy Analyst, Lehua Weaver, Senior Public Policy Analyst

DATE: June 2, 2016 12:49 PM

RE: Ordinance: Salt Lake City Consolidated Fee Schedule related to Enhanced Street Lighting

Legislative Sponsor:

PROJECT TIMELINE:
Briefing: Tuesday, May 31, 2016
SetDate: 05/24/ 2016 7:00 PM
Public Hearing: Tuesday, June 7, 2016 at 7:00 PM
Potential Action: 06/14/2016
Clearline

ISSUE AT-A-GLANCE

Throughout 2015, the Council and Administration considered options to resolve longstanding budget issues with enhanced lighting Special Assessment Areas (SAAs). The SAAs were created in various neighborhoods - both residential and commercial - throughout the City to fund enhanced lighting on their streets. Some of the budgets for these neighborhood SAAs (called "extensions") carried deficits and the necessary annual payment increases to recover those deficits would have been significant (some as high as a 300% increase).

In November, following a review by outside consultant Linda Hamilton, the Council conducted a straw poll and supported the recommendation to dissolve the SAAs and convert them to a surcharge on the utility bill. The intent was that the enhanced lighting areas would begin to pay a monthly fee, budget would be handled through the same department (Public Utilities) that administers the base lighting program, and the budget for enhanced lighting would be kept separate from the base lighting budget. In order to set the rates, the City engaged a new consultant, Raftelis, to prepare a rate structure proposal.

The Raftelis proposal includes:

- a three-tiered rate structure for properties in enhanced lighting areas, the first two tiers would be predominantly residential and the third would be commercial. (See Chart 1.)
- issuing a \$2.5 million bond to expedite progress on energy efficiency upgrades and overdue

maintenance.

- Bond terms would be 15 years and assumes a 5% interest rate.
- The annual debt service on the bond would be funded with revenue from the rates.

These changes do not affect the majority of properties and neighborhoods in the City -- it affects only neighborhoods who have been participating in SAAs (Lighting Districts L01, L02 and L03) for enhanced lighting, and about 43 properties near SAA who have received but not paid for enhanced lighting. These same enhanced lighting property owners also participate in “base lighting,” which is charged on all utility bills. Property owners who participate in “private lighting,” which some neighborhoods organized for privately funded and maintained enhanced lighting also are not affected by this change.

Goal of the briefing: Review the consultant’s proposal regarding a new enhanced lighting fee rate structure, consider whether to bond for improvements, and provide direction on any changes to the proposal before the June 7th public hearing is held on the proposed rates and structure.

POLICY QUESTIONS

1. Bonding vs. cash financing for capital projects

- The consultant has proposed issuing \$2.5 million in bonds to cover the necessary energy efficiency upgrades, outstanding wiring and pole maintenance, and other repair and capital needs. (Refer to Chart 2: Summary of Bond Funded Projects)
 - The energy efficiency upgrades will lower future years’ operating costs more immediately. (Upgrades would take approximately 11 years.)
 - Bonds would be issued on a 15-year term, estimating a 5% interest rate, 1% issuance costs.
 - Issue in January 2017 - Council action would be needed in November / December 2016.
- Since the bulk of the work is necessary in Tier 2 and Tier 3 areas, those rates would be set to recoup the annual debt service payments for the bonds.
- The alternative is a cash (“pay as you go”) scenario, which would be more expensive for Tier 2 and 3 property owners, and would take longer to perform the work.
- The bonds for enhanced street light capital improvements will be issued along with other bonds being issued this year by Public Utilities. A debt service payment would be paid for by the revenues collected from enhanced lighting properties in tiers 2 and 3. These bonds, as with others issued by Public Utilities, are secured by the combined cash flow of the Department for water, sewer, storm water and street lighting. Public Utilities has maintained a robust payment and low payment delinquency, and believes there will be negligible risk of non-payment of the new surcharge (refusal to pay the utility bill) . The

Department would be responsible to supplement funds to meet debt payment amounts.

Straw Poll: Does the Council support the proposal to issue bonds or prefer to perform capital improvements with cash?

Is there any criteria the Council may consider adopting about requiring a certain revenue amount to be received before bonds are issued? (Note: currently, issue date is estimated as January 2017.)

2. **Rate Structure** - The consultant has proposed establishing three tiers based on similarity of lighting features that exist in the extensions.
 - Tier 1 would include residential properties with energy efficient lighting already installed;
 - Tier 2 would include residential properties with significant upgrades required to lighting efficiency and/or poles and wiring; and
 - Tier 3 will be primarily commercial and industrial areas of the City.

The rates are set to generate adequate revenue to pay for routine maintenance, energy efficiency upgrades, and more extensive capital replacements through either bonding (debt service) or cash (see questions #2).

Straw Poll: Is the Council supportive of a three-tier rate structure?

A two-tier structure could be created by combining the two residential tiers into one. This would spread the costs over a larger pool of residents, but those in enhanced lighting areas with energy upgrades would pay more than they would otherwise. It is likely that once capital projects are complete and the bond is paid off in the proposed 2nd tier, that the two residential areas could be combined into one. At that time, the Administration and Council may need to re-evaluate the separate residential rate tiers.

3. **Ability to collect outstanding SAA amounts -**

Part of the Council's previous briefings indicated that the process would include bringing the extensions to a zero balance and then dissolving them. Since then, in order to maintain the City's ability to collect outstanding amounts, the Administration proposes keeping the SAAs open until those outstanding amounts are significantly collected. This would mean that some property owners would receive the monthly utility bills with the new fee and periodic reminders about their old SAA assessment amounts due. (Refer to Chart 3 for outstanding amounts by SAA - note although the General Fund covered all outstanding amounts, amounts unpaid by property owners are still tracked.)

Does the Council have any concerns about keeping the SAAs open to collect those outstanding amounts?

4. **Legislative Intent** -

- a. Does the Council want to include the following Legislative Intent Statements to preserve previous Council direction?

- i. The rates for Enhanced Lighting areas of the City will continue to generate enough revenue to cover expenses; neither other utility funds nor the general fund will financially contribute to cover enhanced lightings expenses. (This structure is part of the proposed budget, the enhanced areas will be budgeted through separate cost centers. However, it may be worth it to clearly state the intent.)
 - ii. In order to support keeping the budgets separate, rate increases will be considered as necessary - even outside the annual budget process - in order to ensure that revenues are sufficient to cover debt service payments, contracts related to the enhanced level lighting, and routine operating costs.
 - iii. Based on a resident comment and previous Work Session discussions, the Council may consider requesting that the Administration explore ways to increase communication with the enhanced lighting property owners to show how their enhanced lighting rates are set, how the funds are used, and where they can expect to see projects being completed.
- b. Does the Council want legislative intents that reflect support of a future rate study and key components?
- i. Full support that both the base lighting fee and enhanced lighting fee will be re-evaluated in the upcoming rate study (five-year routine utility rate study) to ensure that fees, revenues, and expenses are set as accurately as possible to fund both the base level of lighting throughout the City and the enhanced level of lighting.
 - ii. Does the Council want to emphasize the policy direction that all residents benefit from base level lighting throughout all City neighborhoods and main roads?
 - iii. The Council may also indicate that the full cost of enhanced lighting should be paid for by the property owners who directly benefit from that higher level of service.
 - iv. Would the Council support a re-evaluation of the level of lighting in commercial centers to determine whether that would be considered a base level of service similar to arterial roads? (On the basis that there is a broader pool of people who benefit from more lighting in commercial centers than in residential neighborhoods?)
 - v. Is the Council interested in having a comparison to other local cities and what benefits SLC residents get for fees paid? (This was a suggestion from a resident, and is similar to what is provided when comparing water and sewer rates.)
 - vi. Would the Council want to request more work on how to fold in private lighting areas to the enhanced lighting fee?

ADDITIONAL & BACKGROUND INFORMATION

Key changes included in the Raftelis Consultant's report:

1. The Raftelis study confirmed that there is some overlap between the amounts paid by SAA property owners and the amount for base lighting, and the costs for each type of lighting. To resolve this comprehensively, it will be addressed during a rate study this coming year. (This rate study was already planned and budgeted in the Public Utilities Department budget for all four enterprise funds.)
2. The new proposed rate structure does not cost residents more than the old SAA assessment process. (Refer to Chart 1.) If SAA assessments were to continue, most property owners would pay either the same amount, if not more than, the proposed new enhanced lighting fee. This is based on a comparison between the proposed monthly fee and the assessments if they were increased appropriately to cover expenses and deficit balances.
3. During the Council's previous discussions, it was anticipated that the SAAs would be dissolved. The current proposal has changed a bit - the extension balances were brought to zero by allocation of General Fund money, but the Administration proposes keeping the SAAs in effect while outstanding amounts owed are paid either through Title companies collecting liens on the properties, and/or property owners pay in response to reminder bills mailed out from the City Treasurer's Office. (Refer to Chart 3 for outstanding amounts by SAA - note although the General Fund covered all outstanding amounts, amounts unpaid by property owners are still tracked.)
4. Rather than expenses being split by neighborhoods (extensions), property owners will be grouped by tier based on similarity of lights, and will share the expense.
 - This spreads the costs over a larger pool of property owners.
 - Repairs and maintenance will also be prioritized across the neighborhoods; which means that property owners may be paying a monthly bill before improvements are made to their lights.
5. The new monthly enhanced lighting fee would go into effect July 1, 2016 with the new fiscal year.
6. The General Fund has covered: SAA expenses in extensions with negative balances, the cost to bring extensions with negative balances to zero, and the rate study contract. (Refer to Chart 4 for amounts paid for by the General Fund.)
 - As a reminder, no assessments were billed during the 2015-16 fiscal year.
 - If the General Fund had not allocated funds for these items, the challenge with SAAs would have continued. (I.e. deficit balances would have continued to increase, and / or property owners would have seen a steep increase on their annual assessments.)
- The General Fund will be a property owner in the Enhanced Service area, because of the lights around Washington Square, the Library, and Pioneer Park. Previously, the General Fund contributed an annual subsidy of \$185,000+ to cover 25% of SAA operating costs. The future expense to the General Fund will be \$54,420 annually. (This amount was not included in the annual budget and will need to be funded by either the Administration or Council. More information to come on this topic.)
- There were also three extensions (neighborhoods) that were previously included in SAA annual

assessments, but it is recommended that they be removed from the enhanced lighting tiers, because their level of service is more similar to base level lighting.

Other General Lighting Context / Background:

- The City's Street Light Enterprise Fund provides a "base level of street lighting,"
 - Base lighting includes a light at the intersection and midblock on each street. (Some additional lights on arterials and major roads.)
 - The policy behind the base level of lighting is that all property owners, residents, and visitors to the City benefit from having a base level of lighting throughout the City.
 - Each property owners pays \$3.73 on their monthly utility bill toward the costs associated with base lighting throughout the City regardless of location.
 - In order to fund the shared benefit of base lighting, the base lighting fee revenue should cover the expense of operating costs, routine maintenance, efficiency upgrades, and necessary capital repairs.
- To install enhanced lighting in an area, there are 3 components:
 - Upfront capital - purchase of the poles, fixtures, installation
 - Ongoing operating - power costs
 - Ongoing maintenance / repair - bulb replacements, damage, energy efficiency upgrades, etc.
- Lighting Programs Summary - how they function
 - **Base lighting fee on utility bills.**
 - a. All property owner pay this fee on utility bills.
 - b. This funds the "base" level of lighting that exists throughout the City (one at each intersection and one mid-block).
 - c. Arterial and major roads may have more dense lighting.
 - d. This generates revenue in the Street Lighting Utility Fund.
 - **Special Assessment Areas (SAAs):**
 - e. SAAs require support from a majority of the property owners within a unique geographic area.
 - f. SAAs are a financing mechanism for upfront capital costs.
 - i. Those capital costs are then billed back to all the property owners within the boundaries over a 10-year (average) period.
 - ii. Unpaid bills would be placed as a lien against the property.
 - g. The City fronts the ongoing operating and maintenance costs throughout the year.
 - i. 75% of the ongoing expenses were billed back to the property owners through an annual assessment.
 - ii. Unpaid bills would be placed as a lien against the property.
 - h. Infrastructure
 - i. Poles / Lights were decorative and chosen by the surrounding property owners
 - ii. Lights were connected directly to the underground power lines and billed to the City
 - iii. Damage to a pole would be considered on a case-by-case basis and then included in annual bills to recoup the cost.
 - i. Challenges
 - i. Lack of responsiveness - by nature, operating SAAs are not flexible enough to respond to expense fluctuations throughout the year.
 - 1. An SAA for this type of operating / maintenance was problematic, because expenses were incurred before property owners could

- consider the impact to their annual bills.
 - 2. The annual billing cycle could not recoup unexpected maintenance repairs (such as stolen copper wiring, defective poles, etc.)
 - 3. It was predictable that assessments would increase to cover higher expenses, but extensions (neighborhoods) did not receive increased annual assessments.
 - ii. Operating SAAs where the costs or budget is fixed work better. (For example the marketing SAA with the Downtown Alliance.)
- o **Private Lighting System:**
 - a. Neighborhoods would establish interest and support for enhanced lighting.
 - b. Property owners would gather funding contributions from neighbors, work with the City's street lighting staff and a lighting professional to select options, apply to the City for a matching grant, enter into contracts for equipment and installation, and privately manage funding for repairs and maintenance.
 - c. The process is fairly unique to each neighborhood.
 - d. Size of the lighting area varies.
 - e. The lights are typically shorter decorative light poles, connected directly to the adjacent property's power, and are maintained by the neighbors.
 - f. The City's requirements for these projects are minimal.
 - g. Challenges
 - i. Lights poles are connected directly to property owners' electricity, therefore property owners have control on whether or not to provide power to light poles.
 - ii. Maintenance and upkeep depend upon surrounding property owners' willingness to fund and perform the work.
- The City has previously contributed toward the costs of an SAA or a private lighting. In SAAs, the City has paid for 25% of the ongoing operating and maintenance costs. In private lighting projects, the City historically offered a matching grant of up to \$5,000 per application. (In the private lighting program, one neighborhood's project could receive more than one matching grant award from the City, depending on the size and number of streets involved in the project area.)
- Private lighting areas have been more affordable for property owners, because:
 - o the poles installed are not the industrial construction that are used in SAAs
 - o the wiring is connected directly from the pole to the house, and not a network of wired lights connected to the power lines
 - o the ongoing operating and maintenance cost is covered by the individual property owners - the lights are wired into the property owner's home electrical panel and included on their monthly power bill, and replacement of bulbs is handled - in varying ways - by the residents as well.
 - o In the past, the City offered a grant for matching funds to neighborhoods
- Special Assessment Areas are expensive to create and typically more expensive for the initial purchase of the poles and fixtures, which are typically a commercial-grade pole, wiring is different as well.

ATTACHMENTS:

- c1 - Charts 1, 2, 3, and 4 (PDF)
- c2 - Map of SAA Neighborhoods (PDF)
- c3 - Timeline associated with the creation of Rose Park SAA Lighting (PDF)
- c4 - Open City Hall Comments (PDF)
- c5 - FY 2017 Revenues Expenses (PDF)

Meeting of June 7, 2016

- Ordinance - Amendments to the Salt Lake City Consolidated Fee Schedule related to Enhanced Street Lighting (PDF)
- Administrative Transmittal - Street Lighting Enhanced Service Rate Study Findings and Recommendations - REVISED (Received May 18, 2016) (PDF)

Attachment C1: Charts 1, 2, 3, and 4

Chart 1: Rate Structure Proposal - MONTHLY amounts:

	Description	Most recent SAA avg Assessment (FY14-15)*	FY15-16 Assessment <i>IF it had been issued*</i>	<i>proposed</i> NEW RATE - CASH scenario	<i>proposed</i> NEW RATE - BOND scenario
Tier 1	Residential, decorative, single head, high efficiency	\$ 1.28	\$ 5.67	\$ 5.67	\$ 5.67
Tier 2	Residential, decorative, single head - <u>not</u> high efficiency	\$ 13.24	between \$6.27 - \$59.34	\$ 27.87	\$ 15.94
Tier 3	Commercial, taller, decorative, triple head various efficiencies	\$ 32.76	between \$21.28 - 258.65	\$ 59.38	\$ 43.82

** For comparison, these amounts have been adjusted for a monthly equivalent even though the assessments were billed annually*

Chart 2: Summary of **Bond** funded projects

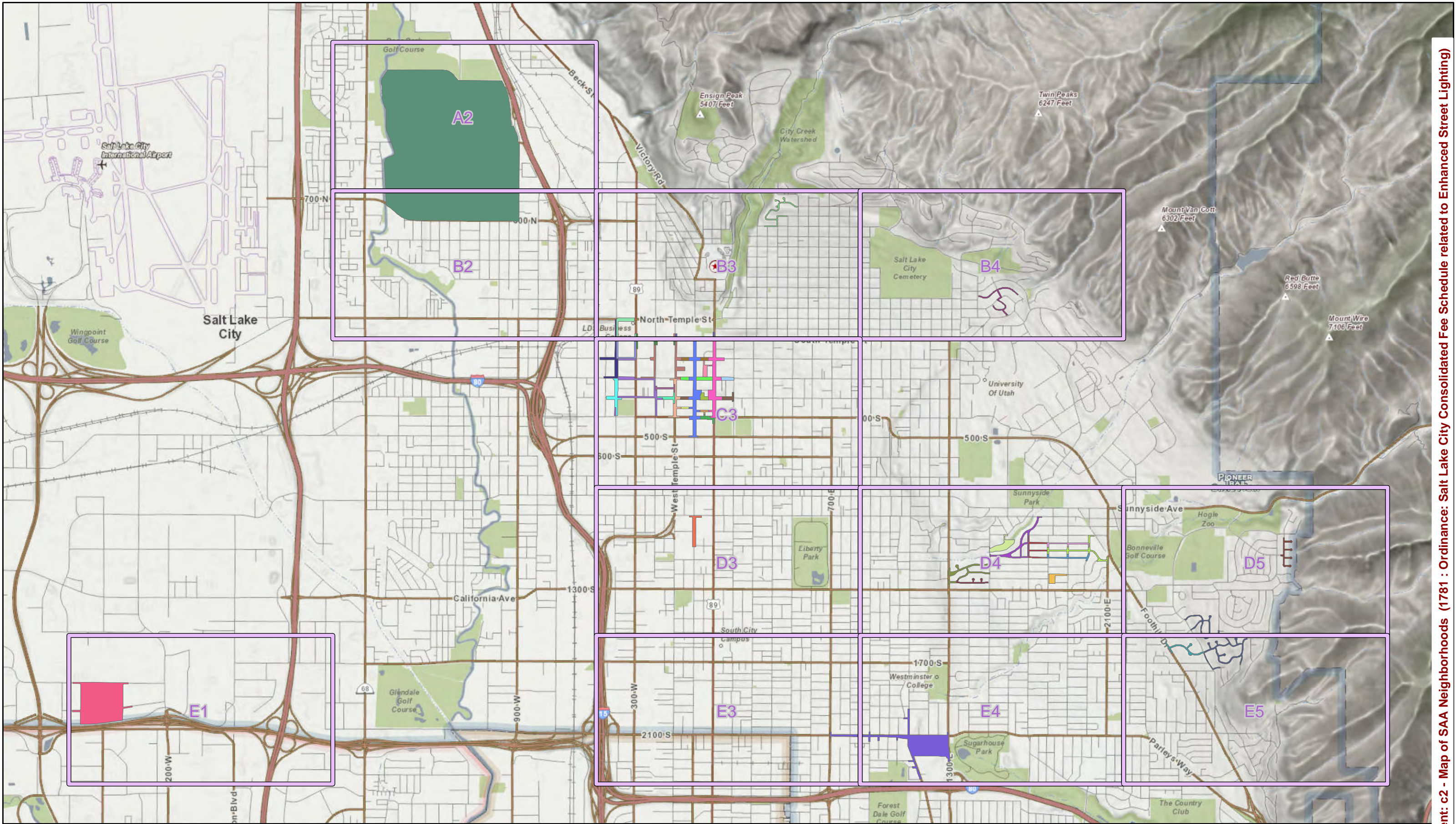
	Description	FY2016-17	FY2017-18	Total
Tier 1	no bond funded projects; other capital will occur	\$ -	\$ -	\$ -
Tier 2	Energy Efficiency upgrades and bad wire replacements	\$ 486,766	\$ 491,398	\$ 978,164
Tier 3	Mostly energy efficiency upgrades	\$ 757,601	\$ 772,754	\$ 1,530,355
				\$ 2,508,519.00

Chart 3: Outstanding Amounts Due in SAAs

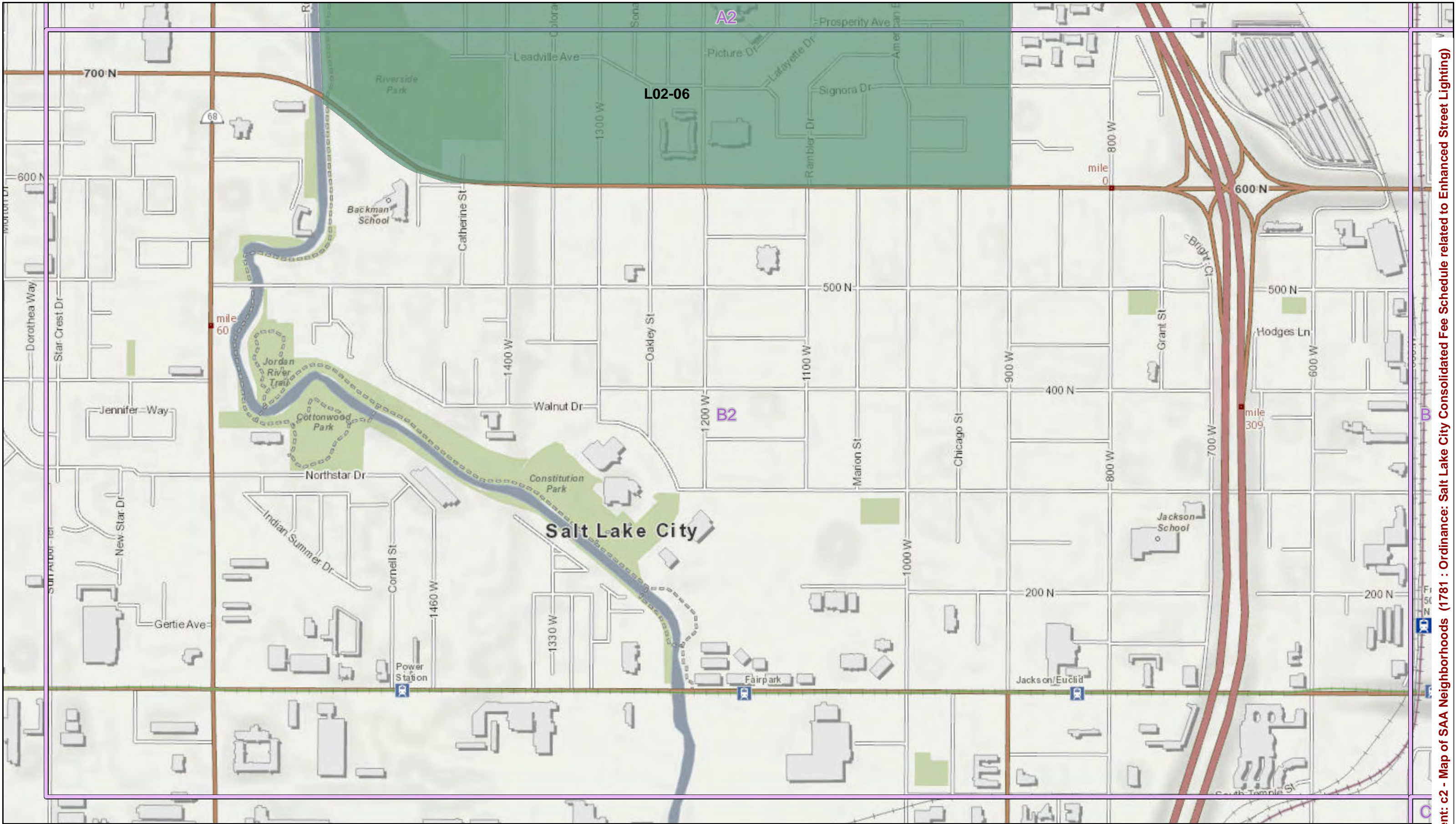
	Unpaid Principal (across all property owners in the SAA extensions)	Unpaid Interest (across all property owners in the SAA extensions)	Total
LO1	\$ 46,242.64	\$ 22,858.55	\$ 69,101.19
LO2	\$ 101,136.54	\$ 18,813.89	\$ 119,950.43
LO3	\$ 104,885.27	\$ 16,103.45	\$ 120,988.72
Total:	\$ 252,264.45	\$ 57,775.89	\$ 310,040.34

Chart 4: Amounts paid by General Fund in 2015-16

Monthly Operating Costs	Negative Balances	Rate Structure Consultant	Total
508,000.00	271,838.00	40,000.00	819,838.00



SAA Districts

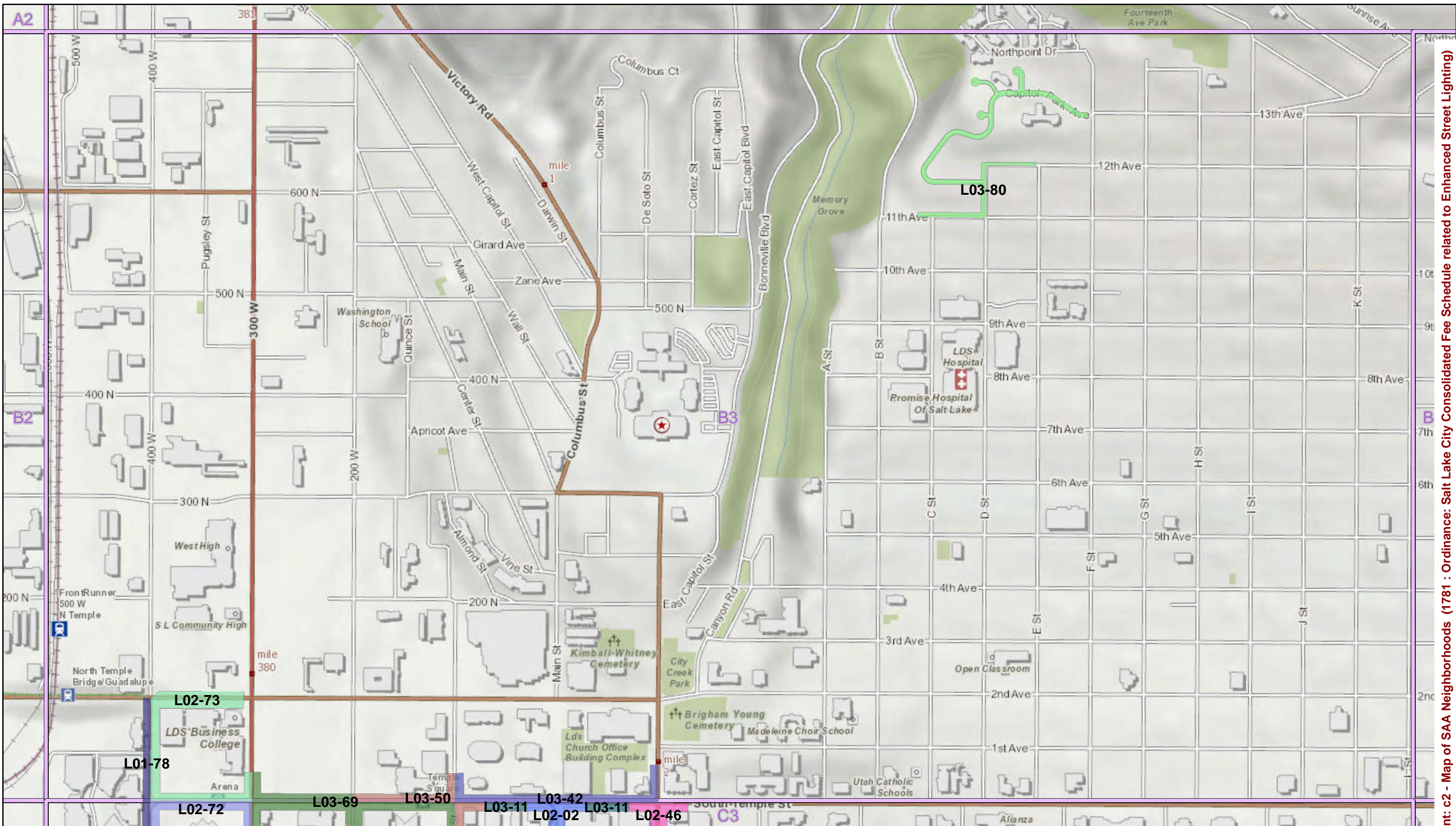


0 250 500 1,000 Feet

SAA Districts

Map Page B2





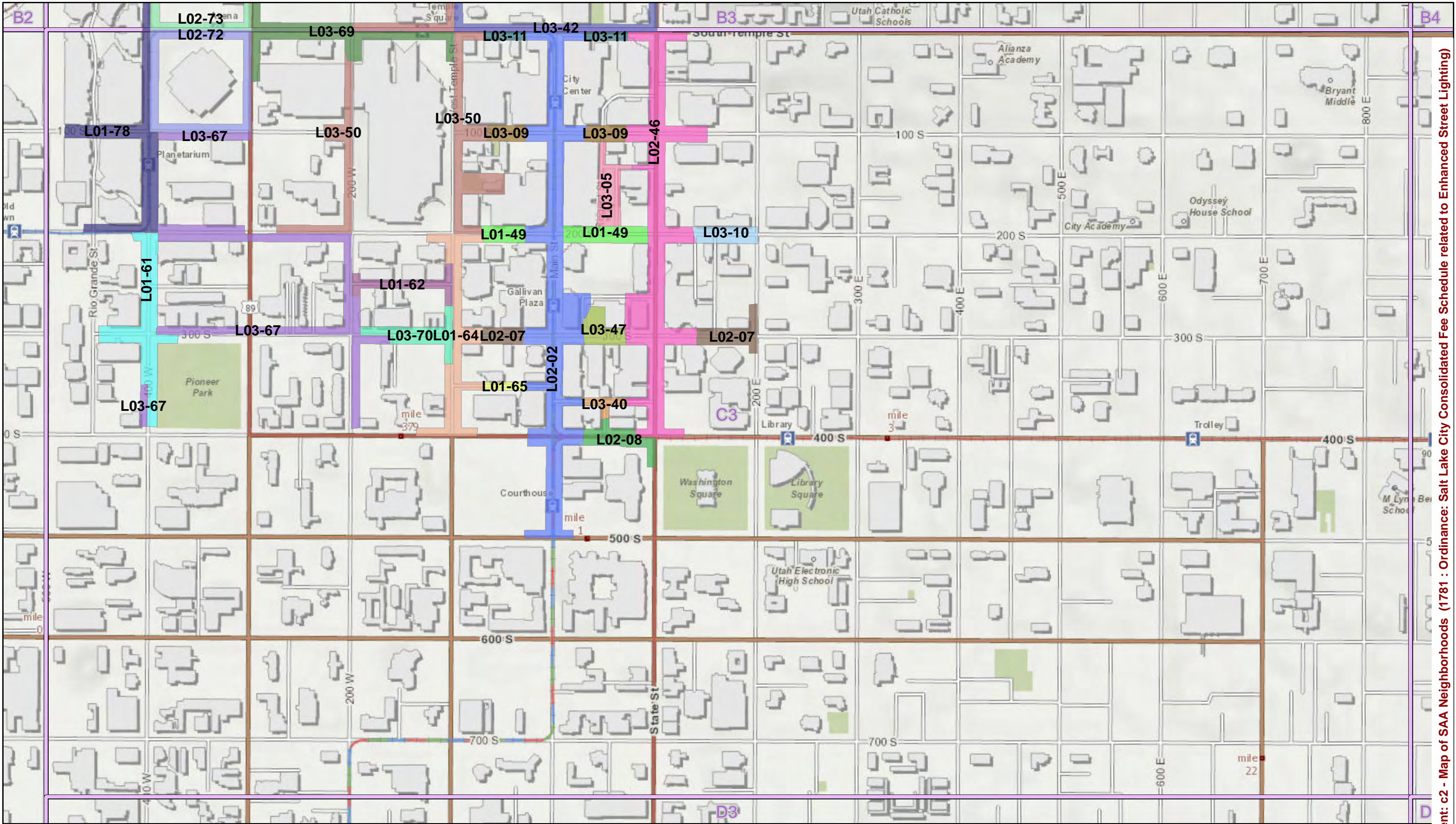
SAA Districts

Map Page B3



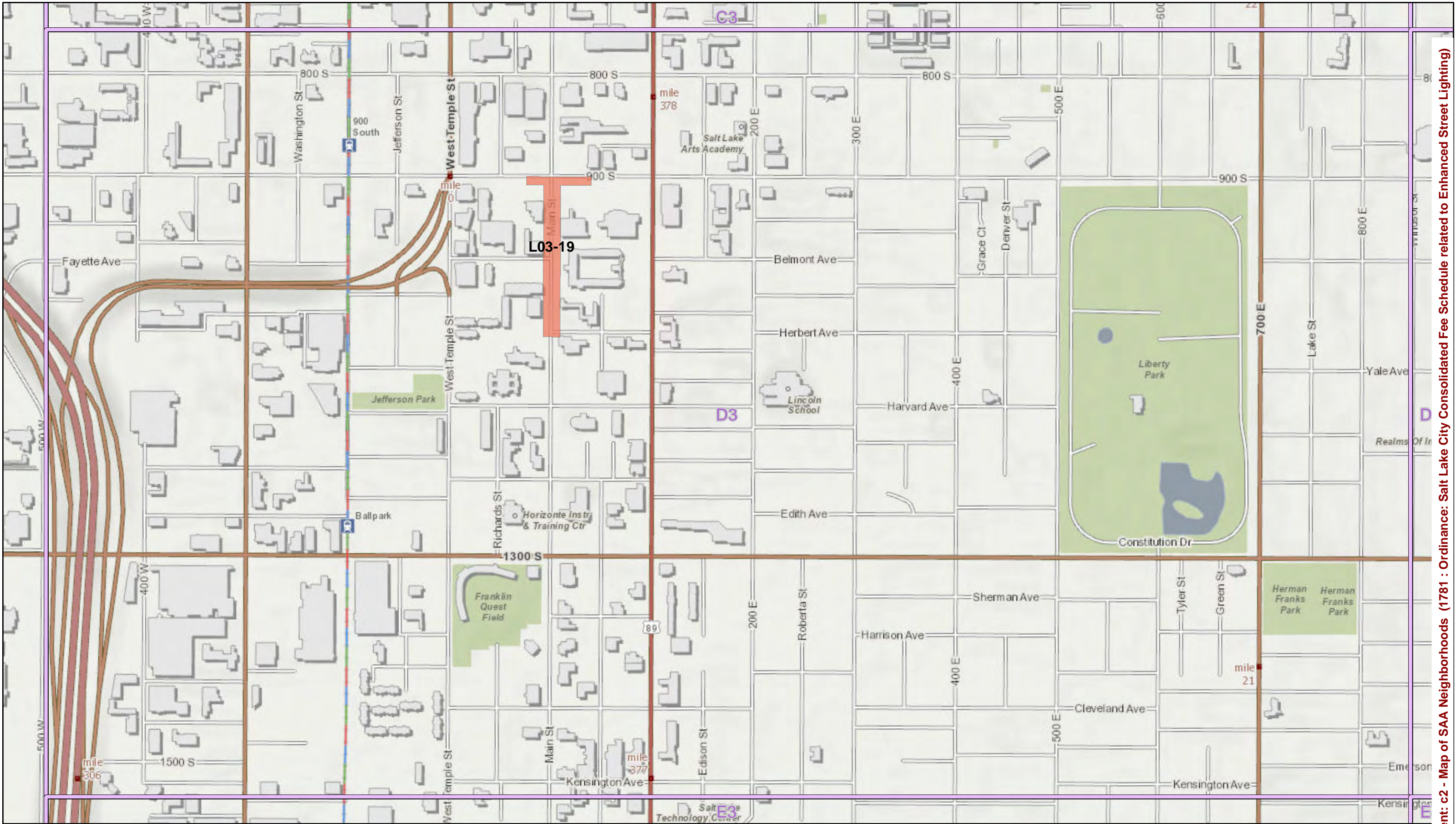


SAA Districts
Map Page B4



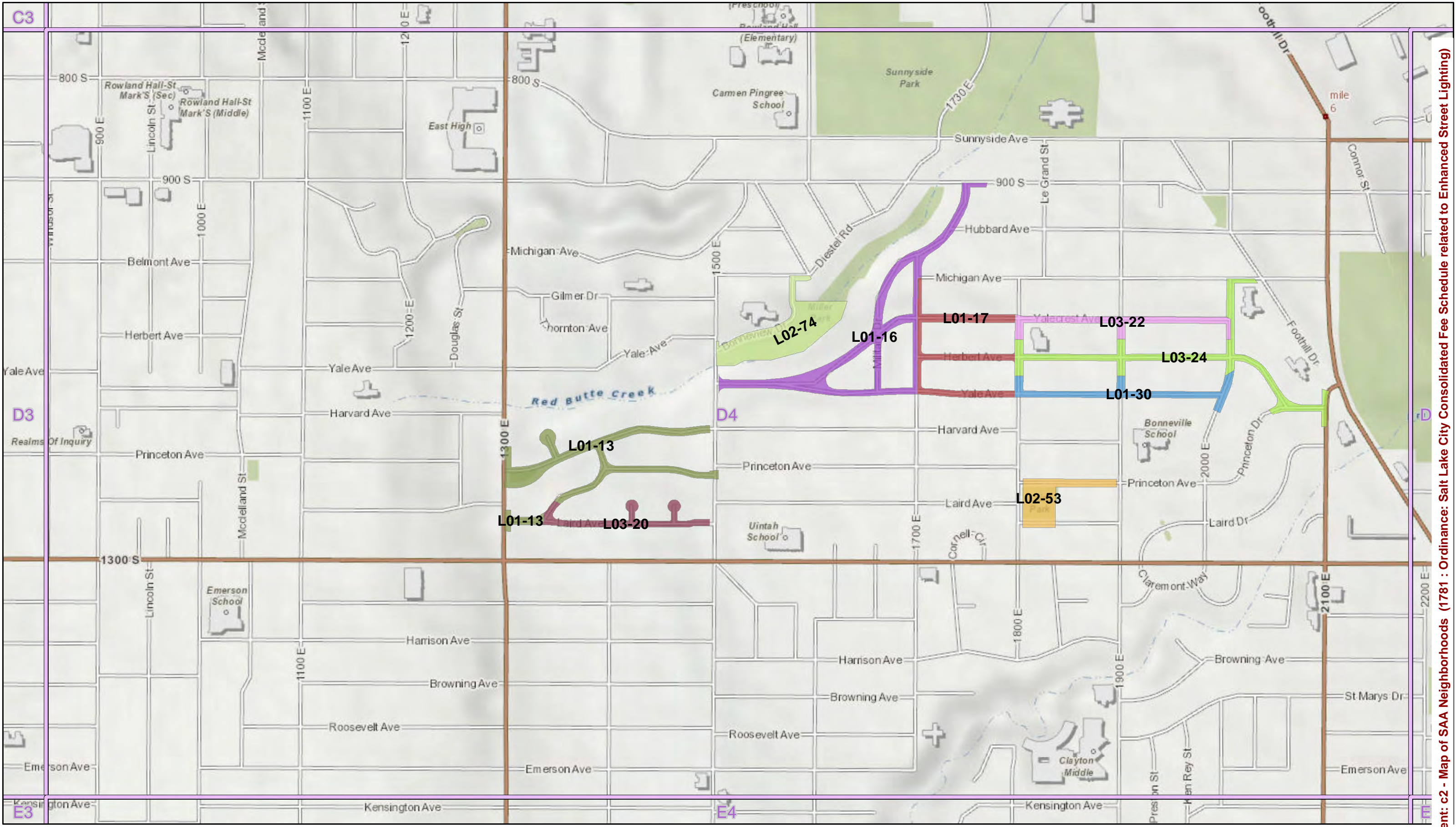
SAA Districts

Map Page C3



0 250 500 1,000 Feet

SAA Districts
Map Page D3



SAA Districts

Map Page D4



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SAA Districts Map Page D5

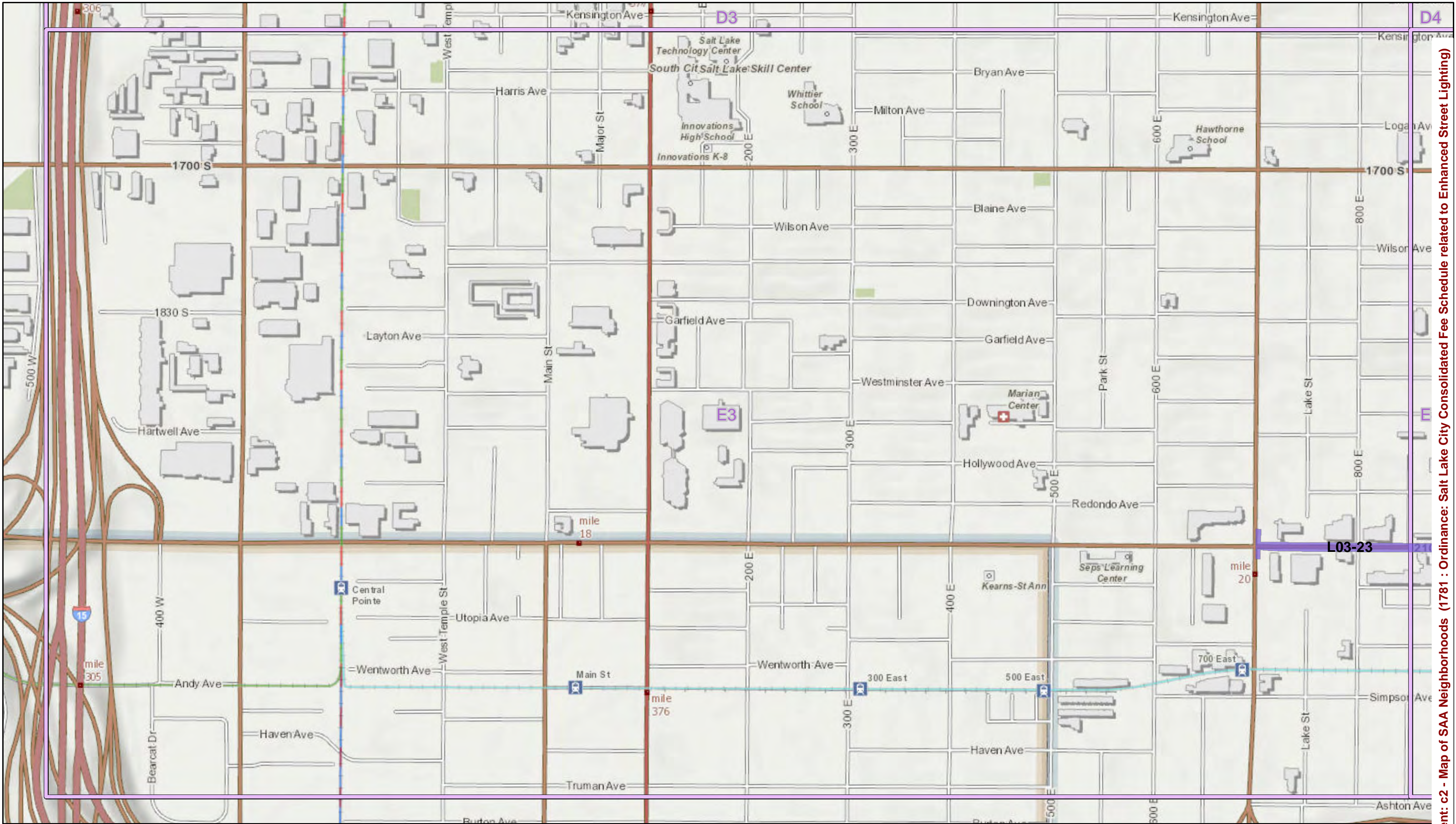


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SAA Districts

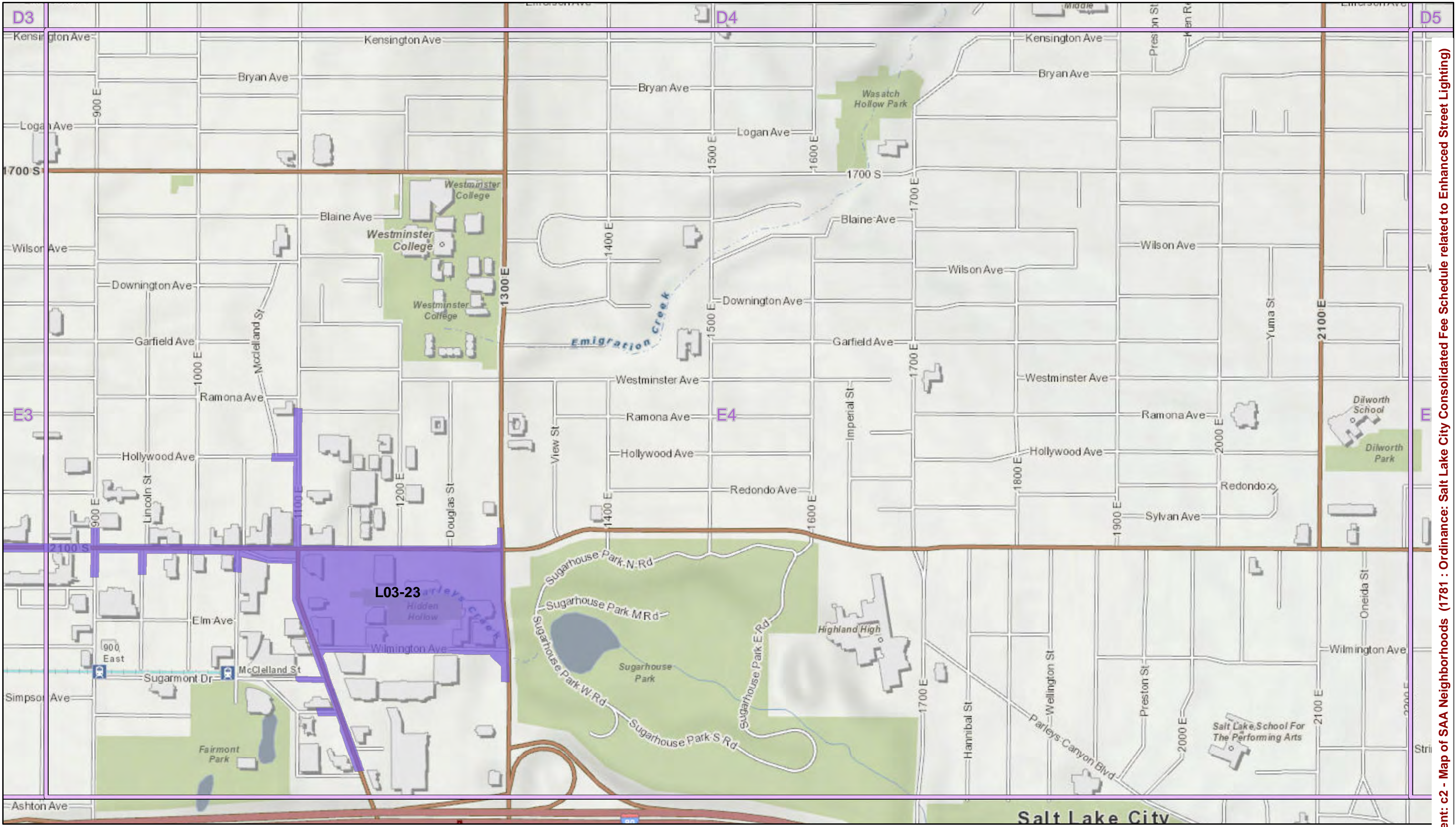
Map Page E1



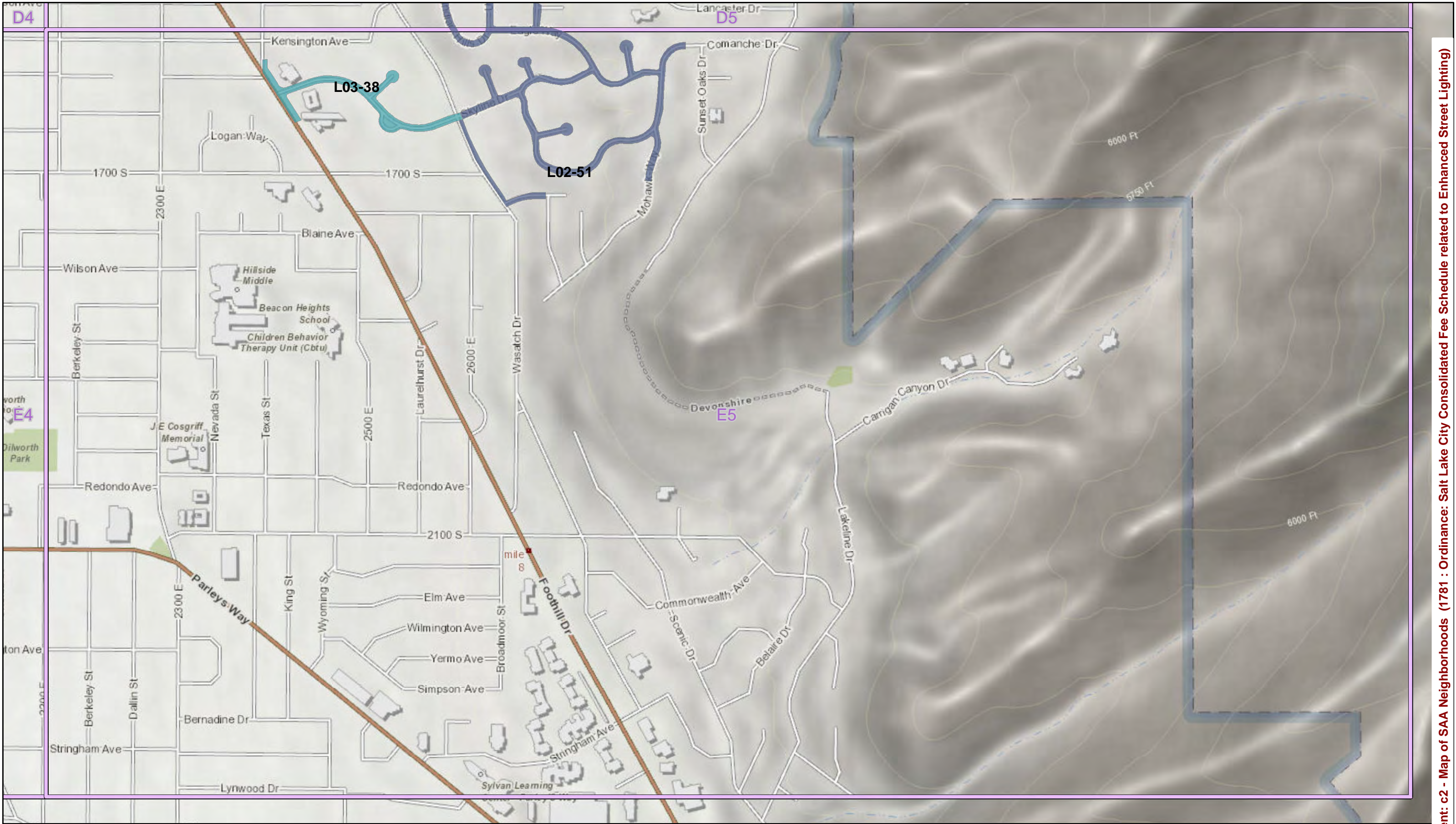


SAA Districts

Map Page E3



SAA Districts
Map Page E4



0 250 500 1,000 Feet

SAA Districts

Map Page E5

Attachment C3

Rose Park Special Improvement District (SID)

SID Boundaries: 600 North on the south, Rose Park Golf Course on the north, Jordan River on the west, and I-15 on the east. Nine existing Special Improvement Districts (SIDs) were combined into one. However, for subsequent years, to stay in keeping with the purpose of simplifying the annual assessment process with three super districts (L01, L02 and L03), all nine neighborhoods (extensions) were rolled into Lighting District L02.

Project Description: According to the Administration's paperwork, the proposed project includes: "removing the existing street lights and overhead wiring and installing 12 foot cast aluminum decorative poles with an acorn lens on top. Lower poles will minimize the impact of the tree canopy and will provide better lighting to the sidewalks for pedestrians. Removal of the overhead wiring will help improve the visual appearance of the area and eliminate the pruning of trees. The underground electrical wiring will be installed primarily by boring to minimize construction impacts to the neighborhoods and to reduce the risk of cutting tree roots. The lens will include dark sky "cutoff" shielding with optional resident side shielding. This results in the greatest percentage of light generated being shone on the street and sidewalk and not in the sky or windows."

CHRONOLOGY:

- In June 2003 as part of the fiscal year 2003-04 budget, the City Council approved funding for the proposed Rose Park Lighting project to remove all existing overhead street lighting and install new decorative poles with underground wiring throughout the Rose Park Community Council district. Funding allocation includes: \$975,000 from FY 2003-04 Capital Improvement Program (CIP) appropriation and \$675,000 in accumulated lighting replacement funds currently available in the existing SID. An additional \$561,000 was also approved by the City Council to be assessed to property owners. However, as a result of updated cost estimates, interest, and additional fees having been added to the cost, the Administration states that the estimated bond amount has increased from \$561,000 to \$800,000. The property owners' share is \$800,000 which will be financed by annual assessments to property owners over a ten-year period. The City currently contributes 25 percent of the cost of the Rose Park lighting power and maintenance, which the Administration expects to continue at a slightly lower rate once the new system is installed. Total estimated cost of the proposed project is \$2,450,000.
- February 3, 2004, the City Council adopted a resolution declaring the intention of the City to construct improvements within the City consisting of the installation of decorative street lighting poles, the removal of existing wooden street lighting poles, and all other miscellaneous work necessary to complete the improvements; to levy an assessment to operate and maintain said street lighting facilities; to create a special improvement district to defray the cost and expenses of the improvement district by special assessments to be levied against the property benefited by such improvements; to declare its official intent to reimburse itself for expenditures paid by it prior to the sale of bonds; and set the deadline for filing written protest and set the date for a public hearing protest.

- February 24 and March 4, 2004 – the Administration held two informational meetings prior to the protest hearing to provide answers to any questions residents may have about the project and to provide residents the opportunity to express comments. In addition, the Administration states that numerous meetings were held with the Rose Park Community Council and residents to identify the poles and lights within the proposed street lighting district.
- March 9, 2004 Protest hearing was held. In order for the District to be created, the protest rate must be less than 50 percent of the property owners who submitted written protests to the City Recorder by the March 8th deadline. The Administration reports there were no protests made at the hearing; however, the City Recorder's Office reported having received eleven written comments protesting the district, representing 0.5% protest rate.
- On June 1, 2004 as a result of the City Council's briefing received on the annual assessment for street lighting Special Improvement District No. 1, the Council requested that the Administration provide bullet points outlining how 15% administrative overhead costs impact the Rose Park Lighting Special Improvement District and SIDs L01, L02, and L03. The Transportation and Treasurer's Divisions provided the requested information, including maps for Special Improvement District L01, L02, and L03 which show the locations of the lighting extensions within each SID.
- On August 10, 2004, the City Council adopted a resolution creating the Rose Park Lighting Special Improvement District No. 106024.
- On August 18, 2004 bids were opened and the best bidder was identified.
- On August 24, 2004, the City Council adopted a resolution accepting bids and authorizing execution of a contract to the best bidder for construction work and materials to complete the improvements for the Rose Park Special Improvement District No. 106024.
- On July 12, 2005, the City Council adopted a resolution to appoint a Board of Equalization and Review and to set dates whereby the Board of Equalization heard and considered any objections to make corrections of any proposed assessment which the Board deemed unequal or unjust.
- On November 15, 2005, the City Council adopted an ordinance confirming the modified and equalized assessment rolls and levying an assessment against certain properties within the Rose Park Special Improvement District for the purpose of paying the costs of installing decorative street lighting poles and removing existing wooden street lighting poles.
- On January 10, 2006, The City Council adopted a resolution authorizing the issuance and providing for the sale of \$472,000 special assessment bonds, Series 2006, for the Rose Park Special Improvement Lighting District

Changes to Enhanced Street Lighting Bills

*Weigh In on Upcoming Changes to Your
Enhanced Street Lighting Bill !*

All On Forum Statements sorted chronologically

As of May 27, 2016, 9:22 AM



Open City Hall is not a certified voting system or ballot box. As with any public comment process, participation in Open City Hall is voluntary. The statements in this record are not necessarily representative of the whole population, nor do they reflect the opinion of any government agency or elected officials.

Changes to Enhanced Street Lighting Bills

*Weigh In on Upcoming Changes to Your
Enhanced Street Lighting Bill !*

As of May 27, 2016, 9:22 AM, this forum had:

Attendees:	98
On Forum Statements:	10
All Statements:	12
Minutes of Public Comment:	36

This topic started on May 19, 2016, 1:41 PM.

Changes to Enhanced Street Lighting Bills

Weigh In on Upcoming Changes to Your
Enhanced Street Lighting Bill !

Name not shown inside Council District 5

May 26, 2016, 10:34

This is a poorly presented topic that proposes to raise a tax on the street lights, yet doesn't address where the last fees have been spent. The city has already added a maintenance tax for street lighting and doesn't need to add more until it can account for the fees already being spent.

Name not shown inside Council District 6

May 26, 2016, 10:30

There are no street lights on my block (Millicent Drive 84108) because in the 1970s my neighbors and I voted against them. If residents of SLC want lighting in their yards, they should use subtle solar lighting, not glaring, expensive, and star-blocking street lamps. And why should I pay for lighting that doesn't exist on my street?
Mike Mattsson

Name not shown inside Council District 5

May 25, 2016, 7:28

Becker already added the light fee to the water bill, which raised 1.5 times the amount required in the previous budget to run the city lights. Where is this extra money going now? The most inept city council I've seen yet.

Name not shown inside Council District 6

May 25, 2016, 10:09

As a Yalecrest resident between 1300 E. and 1500 E., I've already been paying my special assessment district fees for years. The streetlights that were installed more than 10 years ago on Yale, Harvard and Princeton were supposed to be paid for by those special assessment fees; however, last year we were told by the city that not only were the lights not paid off (as residents were assured they would be), the area had accrued a deficit. Based on the way the city has handled the lighting in my area, I urge the council to not bond for more street lighting!

Anthony Hurlburt inside Council District 1

May 24, 2016, 7:20

Do not bond for light improvements. We need less neighborhood lights, not more. There are many studies that document the growing problem of light pollution. It has also been shown that lighting actually makes it harder to see criminal activity, as you are blind to the shadows.

Suzann Maloney inside Council District 7

May 24, 2016, 10:16

We live in Sugarhouse just below Westminster College on a very lovely quiet all but 'dead end' street except they cannot call it that they have to call it not a through street! Do not need more foot traffic per the east bench corridor proposal nor street lights to attract more traffic driving up and then having to go back down this street.

Name not shown inside Council District 7

May 23, 2016, 10:28 PM

All On Forum Statements sorted chronologically

As of May 27, 2016, 9:22 AM

<http://www.peakdemocracy.com/3702>

Packet Pg. 169

Attachment: c4 - Open City Hall Comments (1781 : Ordinance: Salt Lake City Consolidated Fee Schedule related to Enhanced Street Lighting)

Changes to Enhanced Street Lighting Bills

Weigh In on Upcoming Changes to Your
Enhanced Street Lighting Bill !

Lighting is so uneven across the city and it needs to be fairly distributed especially in areas where there are of cars or pedestrians. Taxes should pay for all the lighting, not special assessments. I have seen no improvements from the current addition to our bill. Something has to be done about lighting on the Interstate. Half of them are off or broken near the mouth of Parleys. It is dangerous but not the city's responsibility. Have people buy decorative lites that break and new owners do not want to pay to repair or pay for electricity is no good idea. The city should take over those lights. At least the homeowners paid to put them in. Sustainability and solar should be possible with great savings in the future.

William Brass inside Council District 7

May 23, 2016, 8:08 AM

The information that has been provided is extremely poor. We are being asked to approve something without fully understanding the entire story. Currently I pay a monthly fee for street lighting, not an annual fee as described in the provided materials. What is being done with that money? Why are we still making repairs to decorative lighting in our neighborhood if we are being charged for street lights? This is May and the proposal anticipated to go into effect in June 2016, according to the information on the web site? Also, according to the information, if I am paying for street lighting on my bill now there will be an additional charge if this approved seems as if the only way to get information about this that is understandable will be to attend a meeting. The poor dissemination of information, I would expect more from my City Council!

JT Martin inside Council District 6

May 21, 2016, 5:53 AM

I would prefer to finance the needed repairs and enhancements to the street lighting rather than delay. There are many areas which are in critical need and putting off will not serve the greater good. I believe and I think experience has proven, delaying infrastructure repairs is more costly than the finance charges and interest. I don't think the city will find a time where cheaper money will be available and should take advantage of it. Thank you for your service and dedication to our communities JT Martin, District Six

Thomas Tischner inside Council District 5

May 21, 2016, 3:50 AM

The city is already getting more money for street lighting than ever before because of the existing fee and shouldn't be doing this in the first place. This is mismanagement at its best. Absolutely NO new bonding! Wait until the funds are available and stop wasting time and money until you get your own house in order. Stop fleecing the taxpayers.

Attachment: c4 - Open City Hall Comments (1781 : Ordinance: Salt Lake City Consolidated Fee Schedule related to Enhanced Street Lighting)

Monthly Revenue and Expenses by Tier Level for FY 2017

Tier Level 1

Revenues	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Total
Fee Revenue	\$ -	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 155,804
Bond Proceeds							\$ -						\$ -
Total Revenue	\$ -	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 14,164	\$ 155,804
Expenses													
Electric	\$ 1,018	\$ 2,036	\$ 2,036	\$ 2,036	\$ 2,036	\$ 2,036	\$ 2,036	\$ 2,036	\$ 2,036	\$ 2,036	\$ 2,036	\$ 2,036	\$ 23,411
Regular	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
T&M	\$ 1,439	\$ 2,877	\$ 2,877	\$ 2,877	\$ 2,877	\$ 2,877	\$ 2,877	\$ 2,877	\$ 2,877	\$ 2,877	\$ 2,877	\$ 2,877	\$ 33,086
Programmed	\$ 314	\$ 628	\$ 628	\$ 628	\$ 628	\$ 628	\$ 628	\$ 628	\$ 628	\$ 628	\$ 628	\$ 628	\$ 7,226
Personnel Services	\$ 277	\$ 554	\$ 554	\$ 554	\$ 554	\$ 554	\$ 554	\$ 554	\$ 554	\$ 554	\$ 554	\$ 554	\$ 6,372
Other Uses													
Bad Wiring			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Replacement			\$ 8,135	\$ 8,135	\$ 8,135	\$ 8,135	\$ 8,135	\$ 8,135	\$ 8,135	\$ 8,135	\$ 8,135	\$ 8,135	\$ 81,358
Energy Efficiency Upgrades			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 3,048	\$ 6,095	\$ 14,230	\$ 14,230	\$ 14,230	\$ 14,230	\$ 14,230	\$ 14,230	\$ 14,230	\$ 14,230	\$ 14,230	\$ 14,230	\$ 151,452
Fund Balance													
Fund Balance	(\$3,048)	\$5,021	\$4,955	\$4,889	\$4,823	\$4,757	\$4,690	\$4,624	\$4,558	\$4,492	\$4,426	\$4,352	
Net Revenue													
Net Revenue	\$ (3,048)	\$ 8,069	\$ 8,069	\$ 8,069	\$ 8,069	\$ 8,069	\$ 8,069	\$ 8,069	\$ 8,069	\$ 8,069	\$ 8,069	\$ 8,069	85,710
Accumulated Net Revenue	\$ (3,048)	\$ 5,021	\$ 13,090	\$ 21,159	\$ 29,228	\$ 37,297	\$ 45,365	\$ 53,434	\$ 61,503	\$ 69,572	\$ 77,641	\$ 85,710	
DS Coverage													

Tier Level 2

Revenues	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Total
Revenue	\$ -	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 162,514
Bond Proceeds							\$ 972,000						\$ 972,000
Total Revenue	\$ -	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 986,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 14,774	\$ 1,134,514
Expenses													
Electric	\$ 1,103	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 25,358
Regular	\$ 803	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 18,469
T&M	\$ 1,902	\$ 3,804	\$ 3,804	\$ 3,804	\$ 3,804	\$ 3,804	\$ 3,804	\$ 3,804	\$ 3,804	\$ 3,804	\$ 3,804	\$ 3,804	\$ 43,746
Programmed	\$ 207	\$ 414	\$ 414	\$ 414	\$ 414	\$ 414	\$ 414	\$ 414	\$ 414	\$ 414	\$ 414	\$ 414	\$ 4,761
Personnel Services	\$ 402	\$ 803	\$ 803	\$ 803	\$ 803	\$ 803	\$ 803	\$ 803	\$ 803	\$ 803	\$ 803	\$ 803	\$ 9,235
Other Uses													
Bad Wiring							\$ 127,500	\$ 127,500	\$ 127,500				\$ 382,500
Capital Replacement													\$ -
Energy Efficiency Upgrades							\$ 33,087	\$ 33,087	\$ 33,088				\$ 99,262
Debt Service							\$ 7,884	\$ 7,884	\$ 7,884	\$ 7,884	\$ 7,884	\$ 7,884	\$ 47,304
Total Expenses	\$ 4,416	\$ 8,832	\$ 8,832	\$ 8,832	\$ 8,832	\$ 8,832	\$ 177,303	\$ 177,303	\$ 177,304	\$ 16,716	\$ 16,716	\$ 16,716	\$ 630,634
Fund Balance	(\$4,416)	\$1,526	\$7,468	\$13,410	\$19,352	\$25,294	\$834,765	\$672,236	\$509,706	\$507,764	\$505,822	\$503,880	
Net Revenue	\$ (4,416)	\$ 5,942	\$ 5,942	\$ 5,942	\$ 5,942	\$ 5,942	\$ 5,942	\$ 5,942	\$ 5,942	\$ 5,942	\$ 5,942	\$ 5,942	60,946
Accumulated Net Revenue	\$ (4,416)	\$ 1,526	\$ 7,468	\$ 13,410	\$ 19,352	\$ 25,294	\$ 31,236	\$ 37,178	\$ 43,120	\$ 49,062	\$ 55,004	\$ 60,946	
DS Coverage							0.75	0.75	0.75	0.75	0.75	0.75	1.29

Tier Level 3

Revenues	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Total
Revenue		\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 554,686
Bond Proceeds							\$ 1,528,000						\$ 1,528,000
Total Revenue		\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 1,578,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 50,426	\$ 2,082,686
Expenses													\$ -
Electric	\$ 10,324	\$ 20,648	\$ 20,648	\$ 20,648	\$ 20,648	\$ 20,648	\$ 20,648	\$ 20,648	\$ 20,648	\$ 20,648	\$ 20,648	\$ 20,648	\$ 237,452
Regular	\$ 4,028	\$ 8,056	\$ 8,056	\$ 8,056	\$ 8,056	\$ 8,056	\$ 8,056	\$ 8,056	\$ 8,056	\$ 8,056	\$ 8,056	\$ 8,056	\$ 92,649
T&M	\$ 3,386	\$ 6,772	\$ 6,772	\$ 6,772	\$ 6,772	\$ 6,772	\$ 6,772	\$ 6,772	\$ 6,772	\$ 6,772	\$ 6,772	\$ 6,772	\$ 77,880
Programmed	\$ 1,183	\$ 2,366	\$ 2,366	\$ 2,366	\$ 2,366	\$ 2,366	\$ 2,366	\$ 2,366	\$ 2,366	\$ 2,366	\$ 2,366	\$ 2,366	\$ 27,207
Personnel Services	\$ 1,892	\$ 3,784	\$ 3,784	\$ 3,784	\$ 3,784	\$ 3,784	\$ 3,784	\$ 3,784	\$ 3,784	\$ 3,784	\$ 3,784	\$ 3,784	\$ 43,519
Other Uses													
Bad Wiring	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Replacement							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Efficiency Upgrades							\$ 126,267	\$ 126,267	\$ 126,267	\$ 126,267	\$ 126,267	\$ 126,266	\$ 757,601
Debt Service							\$ 12,396	\$ 12,396	\$ 12,396	\$ 12,396	\$ 12,396	\$ 12,396	\$ 74,376
Total	\$ 20,813	\$ 41,627	\$ 41,627	\$ 41,627	\$ 41,627	\$ 41,627	\$ 180,290	\$ 180,290	\$ 180,290	\$ 180,290	\$ 180,290	\$ 180,289	\$ 1,310,684
Fund Balance	(\$20,813)	(\$12,014)	(\$3,215)	\$5,585	\$14,384	\$23,183	\$1,421,320	\$1,291,456	\$1,161,592	\$1,031,729	\$901,865	\$772,002	
Net Revenue	\$ (20,813)	\$ 8,799	\$ 8,799	\$ 8,799	\$ 8,799	\$ 8,799	\$ 8,799	\$ 8,799	\$ 8,799	\$ 8,799	\$ 8,799	\$ 8,799	\$ 75,979
Accumulated Net Revenue	\$ (20,813)	\$ (12,014)	\$ (3,215)	\$ 5,585	\$ 14,384	\$ 23,183	\$ 31,983	\$ 40,782	\$ 49,581	\$ 58,381	\$ 67,180	\$ 75,979	
DS Coverage							0.71	0.71	0.71	0.71	0.71	0.71	1.02

Assumptions:

Cash basis. Actual cash inflows will not begin until August. Some cash out flows (approximately half) will begin in July.

Net Revenue by definition is excess operating revenue over operating expense. It is generally used to estimate the amount generated and available for debt service.

In this scenario Net Revenue means excess estimated cash inflows from operations over estimated cash outflows from operations. Capital costs are not included for Net Revenues nor debt/ bond proceeds.

Totals are estimates of all cash inflows and all estimated cash outflows.

Note: Capital expenditures in total align with Raftelis's report, but likely the capital projects in each Lighting level will be delayed some until availability of cash limits deficit spending.

Fund balance is an estimate of the cash balance at the end of the period.

Raftelis' report is assumed from an accrual basis of accounting explaining how the entire charge per ERU would be recognized as revenue in the first year. Accordingly, this analysis, converting to a cash basis, shows revenue and expenses slightly different from Raftelis' Fee Study and associated appendices.

SALT LAKE CITY ORDINANCE
No. of ____ 2016

(Amendments to the Salt Lake City Consolidated Fee Schedule
Related to Enhance Street Lighting)

An ordinance amending fees and fee information set forth in the Salt Lake City Consolidated Fee Schedule.

WHEREAS, on May 17, 2011 the City Council adopted Ordinances 2011-23, 2011-24 and 2011-25 to authorize and create the Salt Lake City Consolidated Fee Schedule; and

WHEREAS, the Salt Lake City Consolidated Fee Schedule has since been amended from time to time; and

WHEREAS, the City Council has determined that areas within the City that have enhanced street lighting should pay for such lighting through a separate fee and that City should no longer utilize special assessment areas to collect revenue to pay for necessary maintenance and operations; and

WHEREAS, it is now proposed that the Salt Lake City consolidated fee schedule be amended to include fees for enhanced street lighting as shown in the attached Exhibit "A"; and

WHEREAS, the City Council finds (i) the fees set forth in Exhibit A are necessary, reasonable, and equitable in relation to regulatory and service costs incurred by the City; and (ii) adoption of this ordinance reasonably furthers the health, safety, and general welfare of the citizens of Salt Lake City.

NOW, THEREFORE, be it ordained by the City Council of Salt Lake City, Utah:

SECTION 1. That the Salt Lake City Consolidated Fee Schedule shall be, and hereby is, amended in pertinent part as set forth in the attached Exhibit "A".

SECTION 2. That a revised copy of the Salt Lake City Consolidated Fee Schedule that reflects the amendments set forth in the attached Exhibit "A" shall be published on the official Salt Lake City website.

SECTION 3. That this ordinance shall become effective ten (10) days after the date of its first publication.

Passed by the City Council of Salt Lake City, Utah this ___ day of _____, 2016.

CHAIRPERSON

ATTEST:

CITY RECORDER

Transmitted to Mayor on _____.

Mayor's Action: _____ Approved. _____ Vetoed.

MAYOR

CITY RECORDER

(SEAL)

Bill No. _____ of 2016.

APPROVED AS TO FORM	
Date:	5/25/16
By:	ER Vitter
Print:	E.R. Vitter

Published: _____

HB_ATTYY-#52904-v1-CFS_Amendment_for_Enhanced_Street_Lighting_2016

EXHIBIT “A”

STREET LIGHTING			
For questions regarding Street Lighting fees contact: 801.483.6900			
Service	Fee	Additional Information	Section
Base Level Lighting services City-wide	3.73 Per ERU	Per month. No bills shall be less than one ERU.	<u>17.95.30</u>
Enhanced Lighting Fees			
Group 1 Decorative Lights – high efficiency ¹	\$5.67 per ERU	Per month - residential	<u>17.95.30</u>
Group 2 Decorative Lights ²	\$15.94 per ERU	Per month - residential	<u>17.95.30</u>
Group 3 Decorative Multi-Head Lights ³	\$43.82 per ERU	Per month - commercial	<u>17.95.30</u>

Note: 1 ERU = 1 residential property or 75 feet of street frontage for non-residential properties


1 - Group 1 rates apply to the existing, predominantly residential properties with a number of enhanced decorative lights; lights have generally received energy efficiency upgrades and large capital expenditures are not expected within the year.

2 - Group 2 rates apply to the existing, predominantly residential properties with a number of enhanced decorative lights; many lights require energy efficiency upgrades and large capital expenditures are scheduled within the year.

3 - Group 3 rates apply to the existing properties in the predominantly commercial areas with a number of enhanced decorative lights; many lights require energy efficiency upgrades and large capital expenditures are scheduled within the year.



SALT LAKE CITY CORPORATION
Mayor's Office
City Council Transmittal


Patrick Leary, Chief of Staff 5/17/2016

Date Received: 5/17/2016
Date Sent to Council: 5/17/2016

TO: City Council
James Rogers - Chair

FROM: 
Patrick Leary, Chief of Staff 5/17/2016

SUBJECT: Street Lighting Enhanced Service Rate Study Findings and
Recommendations - REVISED

STAFF CONTACT: Brad Stewart,
Brad.Stewart@slcgov.com

COUNCIL SPONSOR:

DOCUMENT TYPE: Information Item

RECOMMENDATION:

1. Discontinue Street Lighting Special Assessment Areas Program (SAAs) and replace with Enhanced Street Lighting Program;
2. Delegate all operational responsibilities associated with Enhanced Street Lighting Program to the Street Light Enterprise Utility;
3. Accept and approve the consultant recommendations for proposed Enhanced Street Lighting Fees:
 - a. Adopt and implement the proposed three-tier Enhanced Street Lighting Service Level;
 - b. Accelerate deferred capital replacements and upgrade standard electricity fixtures and bulbs with higher energy efficiency devices through the use of debt funding; and

Attachment: Administrative Transmittal - Street Lighting Enhanced Service Rate Study Findings and Recommendations - REVISED (Received

- c. Include fees in the Consolidated Fee Schedule;
4. Budget for and track expenditures of the proposed Enhanced Street Lighting service areas and current Base Level Lighting in separate Cost Centers within the Street Light Utility Fund managed by the Department Public Utilities; and
5. Provide a coordinated comprehensive review and update of both Base Street Lighting Service and Enhanced Street Lighting Service budget and fees as currently proposed in the FY 2016/17 budget. Results will be included in budget and consolidated fee schedule submittals as early as FY 2017/18 and no later than FY 18/19.

It is recommended that these actions become effective July 1, 2016.

BUDGET IMPACT:

Potential savings to General Fund is approximately \$200,000 per year, due to past subsidization of SAAs budget by 25 percent per year by the General Fund. Under an enterprise fund this subsidization would be discontinued. Based on the fee study City owned properties downtown (Library, City Hall, Public Safety, etc.) have not been assessed under the SAAs, and will be responsible for new Enhanced Light Fees of approximately \$54,000 in Enhanced Street Lighting per year.

BACKGROUND:

The City Council, in the November 17, 2015 Work Session, gave direction to move the SAAs to a more sustainable funding source under the Street Lighting Enterprise fund in Public Utilities. This included direction from Council to take steps to discontinue the SAA extensions by bringing account balances to zero, to forego SAA assessments in 2016, to develop a user charge that equitably recovers enhanced lighting service costs without subsidy from general fund or base level users, and to incorporate public engagement and input into the rate setting process. A rate consultant, Raftelis Financial Consultants, Inc. (RFC), was hired to analyze options, assist the City in conducting outreach and public engagement to inform the process, and recommend a rate structure.

In accordance with Council intent, this enhanced lighting fee study did not include review or revision of the current base level service costs and fees. The study did reveal possible overlaps between base lighting areas and enhanced lighting areas. These potential overlaps include shared infrastructure and administration that are common to both base lighting and enhanced lighting. This current study has determined and recommended enhanced light fees which are appropriate based upon the information currently available, but a future review of the base lighting fee is necessary and appropriate. In anticipation of this need, the Department has budgeted a comprehensive rate study review of both the enhanced and base level street lighting utility funding and needs in 2017.

As a way to minimize the monthly cost to property owners, RFC is presenting a plan to use a bonding scenario of \$2,500,000 to perform system upgrades such as energy efficiency, providing an opportunity for property owners to take advantage of resulting cost savings without delay.

PUBLIC OUTREACH AND ENGAGEMENT:

Public Outreach included:

- Postcard mailing to affected property owners announcing proposed changes and providing information of comment and question opportunities, such as public meetings, *Open City Hall*, and workshop.
- *Open City Hall* comments and survey, which experienced over 400 visits. The survey portion has closed and been replaced with an [interactive map](#). *Open City Hall* is still opened to receive public comments.
- Workshops held, both in the afternoon and in the evening, on March 10th, with presentations by rate consultants and opportunities for Q&As with attendees. All property owners affected by proposed change were invited by postcard. Although attendance was sparse, the consultant noted the comments and concerns from those who attended. Those comments were consistent with the *Open City Hall* public input.
- *Nextdoor* social media forum site. Meetings with Public Utilities staff and Downtown Alliance, Business Advisory Board, Sugarhouse Chamber of Commerce, and Rose Park, Yalecrest, East Bench, Bonnevillle, and Foothill/Sunnyside Community Councils.
- Interactive map developed by Public Utilities available to the public to assist customers in determining: 1) if a light is private, part of the base level of service, or is within an enhanced lighting service area; and 2) the estimated future Enhanced Lighting Service fee that property. The map is accessible through *Open City Hall* and slcgov.com/utilities. Map link has also been sent to the business associations and Community Council leaders.
- Letter notices to be sent to properties currently not assessed thru SAAs but to be included in proposed Enhanced Lighting Service. The recommendation from the consultant, based on the cost of service framework, is to include properties that have enhanced lighting though not previously in an SAA or received an SAA assessment.
- An upcoming public workshop is tentatively scheduled for May 24 or May 31, 2016, and/or on the day of the Council Briefing. The rate consultant will be available for both. Phone and email outreach for the open house are being distributed to the Open City Hall, Community Councils, and Business Districts (downtown Alliance and Sugarhouse), and interested parties who have shared their contact information.
- Public Hearing (tentative schedule June 7)
- Council action (tentative schedule June 14)

Outcomes

While there is a diversity of views, the majority of input favors:

- creation of three distinct fee groups based on commonality of lighting features, and
- debt through bonding to reduce rates by making high efficiency light benefits available as early as possible.

ESTIMATED ENHANCED SERVICE FEE:

The table below was developed through the rate consultant's analysis. It lays out a plan for three groups or tiers. Tiers 1 and 2 are residential areas. Tier 1 is typical of the newer energy efficient Rose Park area and Tier 2 is typical of assessment more historic areas such as the Harvard/ Yale area. Tier 3 includes the commercial areas in the Central Business District and the Sugarhouse Business Districts. As mentioned in Linda Hamilton's Report, the rate consultant has included areas with an enhanced lighting service level similar to those in the downtown area

(triple headed cactus poles) into the Tier 3 group. These property owners have not been paying any assessment for this higher level of service.

The costs in the table are shown as dollars per Equivalent Residential Unit (ERU) per month, where an ERU is equal to one single family, duplex, and triplex residential properties. An ERU for all other properties is assigned for each 75 feet of frontage along a public right-of-way. These costs are in addition to the base fee, currently \$3.73 per ERU per Month, paid by all properties.

Level of Enhanced Service Tier Group	Total ERUs	Average Last Assessment seen by property owners for FY 14-15 (\$/ERU/Month)	FY 15-16 Assessment at Full Cost (No assessments were issued) *	Estimated Monthly Fee without Debt	Estimated Monthly Fee with Debt (Recommended)
Tier 1 - Single Head high efficiency compliant	2,498	\$ 1.28	\$ 5.67	\$ 5.67	\$ 5.67
Tier 2 - Single Head non-HE	927	\$ 13.24	\$6.27 to \$59.34	\$ 27.87	\$ 15.94
Tier 3 - Triple Head Commercial	1,154	\$ 32.76	\$21.28 to \$258.65	\$ 59.38	\$ 43.82
Totals	4,582				

*Notes: as part of the transition from SAA to Enhanced Street Light Utility the City absorbed SAA extension negative balances and did not issue SAA assessments for FY16/17.

FUTURE REQUESTS FOR ENHANCED LIGHTING:

New Enhanced Lighting Areas could be initiated in several ways, including developer donations of infrastructure, grants, neighborhood sponsored funding through SAAs, or City sponsored beautification projects. In all cases the new street lighting infrastructure would be dedicated to the Street Light Utility to operate, maintain, and replace. Selection of lights for new enhanced service should be made from a standardized suite of poles and lights, ensuring coordination with existing enhanced lighting rate structure, as well as performance and service expectations.

ATTACHMENTS:

Summary Enhanced Street Lighting Budget

Consolidated Fee Schedule

Enhanced Street Lighting Fee Study, Raftelis Financial Consultants, May 16, 2016

ATTACHMENTS:

- a1 Budget Summary (PDF)
- a2 Salt Lake City - Street Light Fee Study Report - Draft Final - Updated May 2016 (2) (PDF)

STREET LIGHTING UTILITY						
ENTERPRISE FUND						
BUDGET SUMMARY						
FY 2017-2019						
				Rate increase 0%	Rate increase 0%	Rate increase 0%
	ACTUAL	AMENDED	PROJECTED	PROPOSED	FORECAST	FORECAST
SOURCES	2014-15	2015-16	2015-16	BUDGET	BUDGET	BUDGET
				2016-17	2017-18	2018-19
REVENUES						
STREET LIGHTING FEES (Base)	\$ 3,239,306	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000
ENHANCED LIGHTING TIER 1				169,964	169,964	169,964
ENHANCED LIGHTING TIER 2				177,291	177,291	177,291
ENHANCED LIGHTING TIER 3				605,116	605,116	605,116
INTEREST INCOME	5,107	30,000	30,000	30,000	30,000	30,000
OTHER REVENUES	36,644	2,000	2,000	2,000	2,000	2,000
TOTAL REVENUES	3,281,057	3,232,000	3,232,000	4,184,371	4,184,371	4,184,371
OTHER SOURCES						
GRANTS & OTHER RELATED REVENUES	-	-	-	-	-	-
SPECIAL ASSESSMENTS	-	-	-	-	-	-
IMPACT FEES	-	-	-	-	-	-
BOND PROCEEDS (Tier 2&3)	-	-	-	2,500,000	-	-
TOTAL OTHER SOURCES	-	-	-	-	-	-
TOTAL SOURCES	\$ 3,281,057	\$ 3,232,000	\$ 3,232,000	\$ 6,684,371	\$ 4,184,371	\$ 4,184,371
EXPENSES & OTHER USES						
EXPENDITURES						
PERSONNEL SERVICES	95,839	232,272	232,272	196,416	200,344	204,351
OPERATING & MAINTENANCE	2,264	-	-	5,800	5,916	6,035
TRAVEL & TRAINING	1,960	2,500	2,500	2,500	2,550	2,601
UTILITIES	729,484	1,011,000	1,011,000	998,468	1,011,000	1,011,000
TIER 1 EXPENSE				73,143	74,605	76,098
TIER 2 EXPENSE				105,994	85,356	67,734
TIER 3 EXPENSE				499,519	395,604	308,705
PROF & CONTRACT SERVICES	819,199	990,000	990,000	1,020,204	1,040,608	1,061,420
DATA PROCESSING	-	-	-	-	-	-
FLEET MAINTENANCE	-	-	-	-	-	-
ADMINISTRATIVE SERVICE FEE	11,665	20,000	20,000	20,000	20,400	20,808
PAYMENT IN LIEU OF TAXES	-	-	-	-	-	-
RISK MANAGEMENT	(10,286)	-	-	-	-	-
TRANSFERS TO GENERAL FUND	-	-	-	-	-	-
OTHER CHARGES AND SERVICES	3,513	325	325	637	332	338
TOTAL EXPENDITURES	1,653,638	2,256,097	2,256,097	2,922,681	2,836,715	2,759,090
OTHER USES						
CAPITAL OUTLAY	-	-	-	-	-	-
TIER 1 CAPITAL				81,358	82,986	
TIER 2 CAPITAL				481,762	491,398	
TIER 3 CAPITAL				757,601	772,753	
CAPITAL IMPROVEMENT BUDGET	749,039	1,170,000	1,124,245	1,000,000	1,050,000	1,000,000
DEBT SERVICES (Tier 2 & 3)	-	-	-	121,632	243,264	243,264
TOTAL OTHER USES	\$ 749,039	\$ 1,170,000	\$ 1,124,245	\$ 2,442,353	\$ 2,640,401	\$ 1,243,264
TOTAL USES	\$ 2,402,677	\$ 3,426,097	\$ 3,380,342	\$ 5,365,034	\$ 5,477,116	\$ 4,002,354
EXCESS REVENUE AND OTHER SOURCES OVER (UNDER) USES	\$ 878,380	\$ (194,097)	\$ (148,342)	\$ 1,319,337	\$ (1,292,745)	\$ 182,017
OPERATING CASH BALANCES						
BEGINNING JULY 1	498,857	1,377,237	1,377,237	1,228,895	2,548,232	1,255,487
ENDING JUNE 30	1,377,237	1,183,140	1,228,895	2,548,232	1,255,487	1,437,504
Cash Reserve Ratio	0.83	0.52	0.54	0.87	0.44	0.52
Cash reserve goal above 10%						
Operating cash balance is defined as total cash less restricted amounts for bond covenants and outstanding accounts payable.						
					Updated:	May 17, 2016

New Proposed Utility Fee for Enhanced Street Lighting Program

ENHANCED STREET LIGHTING FEES *			
Tier	Enhanced Service	Fee **	Ordinance Section
Enhanced 1	Decorative Lights	\$5.67 per ERU per month	17.95.300
Enhanced 2	Medium/Historical Decorative Light	\$15.94 per ERU per month	17.95.300
Enhanced 3	Large Multi Decorative Lights	\$43.82 per ERU per month	17.95.300

* Note: Enhanced Street Lighting Fee to replace discontinued SAA program

** ERU = Equivalent Residential Unit.

1 ERU = 1 residential property, or 75 feet roadway frontage for non-residential properties per SLC 17.95.300

PUBLIC OUTREACH AND ENGAGEMENT:

Public Outreach included:

- Postcard mailing to affected property owners announcing proposed changes and providing information of comment and question opportunities, such as public meetings, *Open City Hall*, and workshop.
- *Open City Hall* comments and survey, which experienced over 400 visits. The survey portion has closed and been replaced with an [interactive map](#). *Open City Hall* is still opened to receive public comments.
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- *Nextdoor* social media forum site. Meetings with Public Utilities staff and Downtown Alliance, Business Advisory Board, Sugarhouse Chamber of Commerce, and Rose Park, Yalecrest, East Bench, Bonneville, and Foothill/Sunnyside Community Councils.
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- debt through bonding to reduce rates by making high efficiency light benefits available as early as possible.

May 17, 2016

SALT LAKE CITY DEPARTMENT OF PUBLIC UTILITIES

Enhanced Street Lighting Fee Study

Final Report / May 16, 2016





5619 DTC Parkway
Suite 175
Greenwood Village, CO 80111

Phone 303.305.1135

www.raftelis.com

April 16, 2016

Mr. Tom Ward
Deputy Director of Public Utilities
Salt Lake City Department of Public Utilities
Salt Lake City, UT

Subject: Enhanced Street Lighting Fee Study

Dear Mr. Ward,

Raftelis Financial Consultants, Inc. (RFC) is pleased to provide this report documenting our findings and recommendations for the Salt Lake City Enhanced Street Lighting Fee Study. The report details the analysis related to implementing enhanced street light service charges within areas of the City that have enhanced service levels funded historically through Street Light Utility Special Assessments in various areas throughout the City. The enhanced street lighting service level user charges are proposed to be effective July 1, 2016.

We would also like to thank you, Brad Stewart, Kurt Spjute, Laura Briefer and other Department of Public Utility and City staff for their assistance during this study.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A handwritten signature in blue ink, appearing to read 'Richard D. Giardina'.

Richard D. Giardina, CPA
Executive Vice President

A handwritten signature in blue ink, appearing to read 'Andrew Rheem'.

Andrew Rheem
Manager

Attachment: Administrative Transmittal - Street Lighting Enhanced Service Rate Study Findings and Recommendations - REVISED (Received

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1. EXECUTIVE SUMMARY

1.1 BACKGROUND STREET LIGHTING

The City has a long history of providing street lighting that dates back over 100 years. The City currently provides street light services through three programs.

1. Base street lighting service level (BSLS) provided throughout the City
 - a. Traffic safety lighting for local streets: The City provides street lighting at intersections and mid-block for pedestrian and traffic safety.
 - b. Continuous street lighting for major streets: The City provides a more uniformly dispersed and brighter level of lighting for streets with high traffic volumes, high speed limits and more pedestrian and/or bike traffic.
2. Enhanced street lighting service level (ESLS) provided primarily within Special Assessment Areas (SAA extensions)
 - a. Properties owners within the SAA extensions agreed to pay the initial capital costs and 75 percent of recurring operation and maintenance (O&M) expenses and replacement capital costs. The City currently has 42 SAA extensions within commercial and/or residential areas located throughout the City that receive one or more of the following enhanced service levels:
 - i. Decorative poles and aesthetic fixtures, increased lighting beyond intersection and mid-block through higher energy efficient fixtures, lower capital and O&M requirements.
 - ii. Decorative poles and aesthetic fixtures, increased lighting beyond intersection and mid-block through lower energy efficient fixtures, higher capital and O&M requirements.
 - iii. Taller decorative poles and aesthetic fixtures, three lamps per pole with increased lighting beyond intersection and mid-block.
3. Additional or decorative lighting provided through privately funded lighting programs established in 2000. While this program provides for private street lights, they are not developed nor implemented as a replacement for BSLS, they are considered ESLS and the individual owners directly fund on-going and maintenance costs: as such, a fee for ESLS is not necessary; the City bears no responsibility for these facilities.

During the “Great Recession”, the City adopted an austerity program throughout the City. The street light service impact as the City sought to reduce General Fund budget deficits, was to significantly reduce street light O&M while continuing to increase deferred maintenance costs for both BSLS and ESLS and, in many areas, allowing lights to “go dark”. In 2011, the City completed a study to evaluate establishing a Street Light Utility to fund BSLS through a user fee. A Citizen Committee was convened by the City to assist in that review and make recommendations regarding the Street Light Utility and BSLS to City Council. As a result, the City implemented a Street Light Utility in 2013 to fund BSLS throughout the City. Since implementation, a monthly fee of \$3.73 per Equivalent Residential Unit

(ERU)¹ has been assessed to recover BSLS. In BSLS areas, lights are back “on”, annual funding has stabilized through the adopted monthly user charge per ERU, and deferred maintenance accumulated prior to and through the Great Recession is declining.

During the same evaluation completed in 2012, the City elected to maintain the 42 Street Light SAA extensions to fund ESLS through special assessments and General Fund sources. Over time, the SAA program has not provided a sustainable funding source to address recurring capital maintenance and periodic capital replacement expenditures as it currently exists. ESLS have largely maintained the austere funding posture implemented during the “Great Recession” and deferred maintenance accumulated prior to and through the Great Recession continues to increase above annual funding through Street Light SAA extensions and the City’s General Fund.

In 2015 the City completed another study or assessment of the street lighting program² in 2015 to assist the City in evaluating SAA funding options, and assessing root causes of the deficiencies of the current SAA program. Recommendations were summarized in the ‘Report of Street Lighting Special Assessment Areas’ by Linda Hamilton Consulting, dated August 5, 2015, and presented to City Council. As a result of the 2015 study, the City Council directed City Staff to dissolve SAA extensions, forego new assessments during fiscal year (FY) 2016³ and develop a user charge based funding source that equitably recovers ESLS from users; the user charge approach was to be implemented July 1, 2016 as part of the City’s FY 2017 budget. The final assessment was authorized by City Council in June 2015 covering the period ending April 30, 2015.

1.2 STUDY OBJECTIVES

In January of 2016 the City retained Raftelis Financial Consultants, Inc. (RFC) to evaluate a user charge based funding source for ESLS formerly funded through the SAA extensions. RFC was to develop the funding source for ESLS within the following City Council guidelines:

1. No subsidy from BSLS to ESLS previously funded through the SAA extensions.
2. No changes to the existing BSLS charge will be considered.
3. All recommended fees will provide a self-sustainable program for each of the individual ESLS groupings.

The major objective of the study is to develop tiered charges that recover the annual cost of enhanced street lighting services, while not modifying the BSLS charge assessed City-wide. As part of the study, RFC and City Staff have completed the following consistent with City Council guidelines:

1. Define common and varying ESLS provided in former SAA extensions.
2. Determine the recurring O&M, capital maintenance, capital replacements and reserve requirements associated with the ESLS.

¹ One ERU is equal to 75 feet of front footage. All single-family residential, duplex and triplex customers are assessed 1 ERU. All other customer classes are assessed the ERUs consistent with the each property’s front footage with a minimum of 1 ERU.

² Report of Street Lighting Special Assessment Areas, Linda Hamilton Consulting, August 5, 2015.

³ City’s fiscal year starts July 1st and is completed on June 30th each year. For example, FY 2017 refers to the 12-month period of July 1, 2016 through June 30, 2017.

3. Propose ESLS user charge(s) that recover the annual cost of providing ESLS for proposed service level groupings.
4. Present alternatives and policy issues during public meetings to public at large, individual stakeholder groups and to the Public Utilities Advisory Committee (PUAC).
5. Document and present study recommendation and findings to City Council.

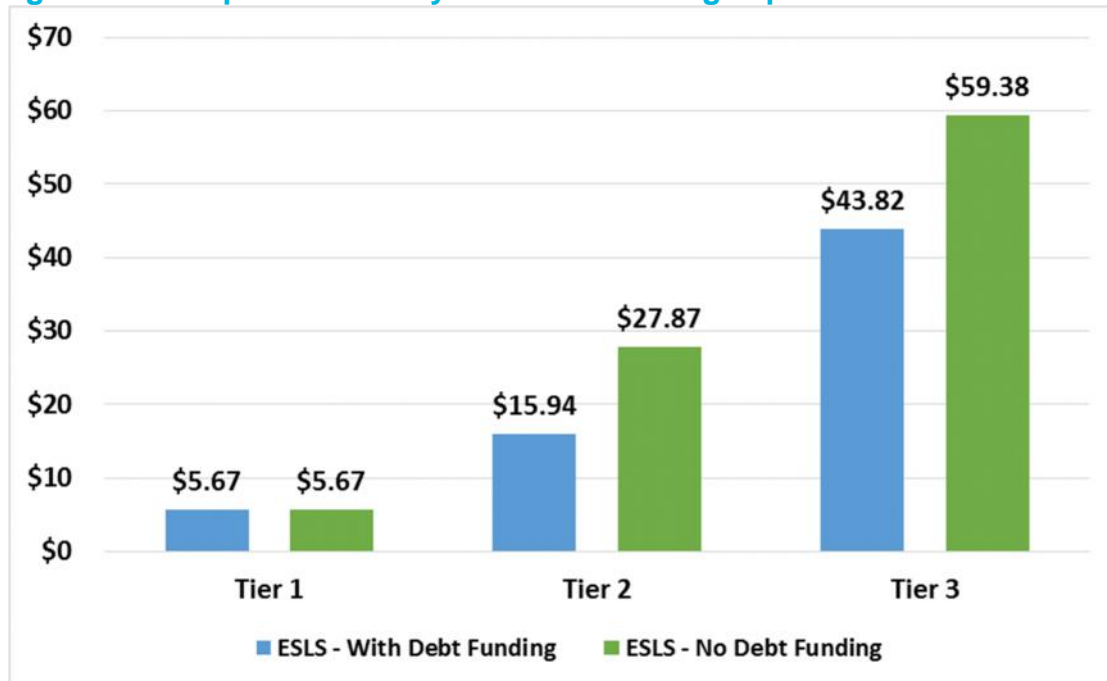
The current BSLS charge of \$3.73 per ERU was not updated as part of this study.

1.3 PROPOSED ESLS USER CHARGES

Figure 1-1 summarizes the proposed ESLS user charges by tier to be effective July 1, 2016 under both debt funding and a cash or pay-as-you-go (PAYGO) funding plan. The proposed ESLS user charges are sufficient to meet ESLS needs through at least FY 2018. The City plans to complete a comprehensive update to the street light utility prior to the end of FY 2018 to evaluate modifications to BSLS or during the fifth year since the BSLS user charge was implemented. RFC and City staff recommend that the BSLS and ESLS updates be evaluated during the same study to comprehensively and efficiently evaluate street light funding needs as part of a single, comprehensive study. Recommendations resulting for the combined BSLS and ESLS analyses are anticipated to be effective no later than July 1, 2018 and integrated within the FY 2019 budget process.

The user charges summarized in Figure 1-1 are proposed to be assessed using the same ERU basis of the BSLS user charges.

Figure 1-1: Proposed Monthly ESLS User Charges per ERU Effective 7/1/16



1.3.1 Future ESLS and Privately Funded Light Programs

As the City is modifying the mechanism whereby the O&M expenses and capital replacement requirements of ESLS areas are recovered, City Council asked that City staff and RFC evaluate mechanisms whereby neighborhoods may request ESLS or privately funded street lighting for decorative and/or enhanced street lighting service levels.

At such time in the future when an area and/or neighborhood within the community requests ESLS be established the group would select the desired ESLS from within a set ESLS options allowed by the City. The full capital and administrative costs to install ESLS may be funded through any of the following mechanisms or some combination thereof:

1. Developer and/or property owners donating pre-approved enhanced street lighting infrastructure related to a new development.
2. City completing a beautification improvements where enhanced street lighting infrastructure.
3. Neighborhood and/or business areas providing upfront PAYGO or cash funding by the SAA members.
4. Through a street lighting SAA that recovers only the initial requirements with a defined length (term) and expiration date that specifically excludes use of the street lighting SAA for recurring O&M expenses and capital replacement costs following the initial installation.

Neighborhoods and/or business areas seeking ESLS would work with the Utility to select from the standardized suite of lights and poles within each tier. Following installation and dedication to the City Street Light Utility, the City would evaluate service levels and recurring annual costs and the newly established ESLS would be included in an existing ESLS tier grouping or if the customers are large enough and/or provide a level of ESLS substantially different from an existing tier grouping, the City would establish a new ESLS tiered grouping. In the case of a street light SAA for just capital, Utility staff can manage the SAA process coordinating with other City staff and departments as appropriate.

Additionally, a future area and/or neighborhood within the community could request additional and/or decorative lighting provided through a privately funded lighting program. The City would review and if appropriate, approve the selected lights and fixtures and individual property owner(s) would be responsible for all costs. The area or neighborhood provides the full cost of the initial capital installation costs. City assistance is limited to partial funding through a matching grant of up to \$5,000 per block face subject to meeting program eligibility and availability of matching grant funds⁴.

While the private light street program provides for private street lights to be installed, the program is not developed nor implemented as a replacement for BSLS, the programs are considered ESLS and

⁴ Matching funds for this program have not been available since 2012 and funding is determined as part of the annual City budget process.

as the owners fund on-going and maintenance costs directly, a fee for ESLS is not necessary; the City bears no responsibility for these facilities.

1.3.2 PUAC and Public Meeting Presentations

RFC and City staff evaluated four primary study issues. These issues or policy items were discussed during the two separate public meetings on March 10, 2016 and a PUAC presentation on March 17, 2016. The study policy items include:

1. Are high efficiency energy fixture upgrades important to you?
2. Would you pay more to accelerate the pace of high efficiency fixture installation?
3. Do you prefer 1 or 2 residential enhanced service tier groupings?
4. Do you prefer debt or cash funding?

A second presentation was made to the PUAC on April 28, 2016 that provided the range of customer bill impacts presented in this report under the three-tiered approach and served to confirm that the three-tiered recommendation should be presented to City Council. Appendix A summarizes the results of the March 17, 2016 PUAC presentation, direction provided to the four study issues and a copy of the ESLS slides presented during this meeting as well as the slides for both presentations. Direction regarding the first three policy issues were incorporated with the pros and cons highlighted in the following section. RFC and City staff developed proposed user charges that reflect the fourth study issue (debt or pay as you go cash funding) discussed in greater detail in Section 2 of this report.

1.4 FINANCIAL PLAN

A multi-year financial plan was developed for both capital funding alternatives (debt versus PAYGO) in consultation with City staff. Appendix B summarizes the financial plan under the With Debt Funding scenario and Appendix C summarizes the financial plan under the No Debt Funding Scenario; the PAYGO scenario. RFC and the City recommend the “With Debt Funding” alternative.

The proposed alternative financial plans and proposed annual user charges (subject to increase or decreased and summarized in Appendices B and C) reflect the following financial planning criteria:

- Fund annual O&M expenses, debt service and cash-funded capital expenditures
- Exceed financial planning performance measures of
 - annual legal debt service coverage (DSC) requirements and
 - annual cash operating reserves of at least 60 days of O&M

DSC is a financial performance measure that evaluate net revenues available for debt service (revenues less O&M expenses) divided by annual debt service payments. The legal DSC requirements is 125 percent of annual debt service with a City set financial planning target of 200 percent of annual debt service. Over the financial planning period, the ESLS funds exceed the DSC target.

A second measure is the cash operating reserve of 20 percent of O&M. This cash reserve provides working capital to fund expenditures throughout the year as ESLS user charges are billed and recovered monthly.

Projected costs were evaluated over an 11-year financial planning period. The cost types include O&M expenses, capital related expenditures and operating cash reserves.

- O&M expenses
 - Electricity
 - Bulb Replacement
 - Proactive and reactive maintenance
 - Overhead
- Capital expenditures
 - Capital projects (net of debt funding)
 - Bad wiring
 - High efficiency upgrades
 - Capital replacements
 - Debt Service
- Cash operating reserves and financial planning performance measures

The recommended financial plan reflects debt funding under the following terms:

- Term – 15 years
- Annual Interest Rate – 5.0 percent
- Issuance Costs – 1.0 percent
- Debt Service Reserve Requirement – Not Applicable

To provide an economic comparison of the two funding scenarios – debt versus PAYGO cash funding, a net present value (NPV) of cash funded capital, debt service, and electric power costs for the 11 year period of FY 2017 – FY 2027 was prepared. Under the debt funding scenario, projected annual debt service payments resulting from debt issued during the eleven year period, but paid after FY 2027 are included in the NPV results and discounted future payments. The results of the NPV analysis is presented in Table 1-1.

Table 1-1: NPV of Costs – No Debt and With Debt Funding Scenarios

Scenario	NPV
With Debt	\$9,706,000
No Debt	<u>9,331,000</u>
Difference	\$375,000

The With Debt scenario has a net present value cost that is \$375,000 greater than the No Debt scenario. However, additional benefits of issuing debt include the ability to accelerate capital project

construction and the ability to smooth out annual revenue requirements with annual debt service payments as opposed to fluctuating cash funded capital payments. Accordingly, RFC and City staff recommend that debt be used by the City to fund in an accelerated and proactive manner, the street light capital needs. Earlier installation of high efficiency light upgrades also provide earlier power cost and bulb replacement savings reducing annual O&M costs.

1.5 CUSTOMER BILL IMPACTS

RFC evaluated customer bill impacts under the proposed three-tiered ESLS user charges compared to costs today under the current SAA funded ESLS program. As there are 42 separate SAA assessments that do not fully reflect the annual O&M expenses and capital expenditure requirements and are assessed differently than the proposed ESLS per ERU, it was necessary to adjust the “basis” of the current SAA based assessments. Appendix D includes a detailed, SAA by SAA comparison for each of the two financial planning scenarios. In order to more fairly compare the two financing scenarios, the following adjustments were necessary:

- Most recent SAA extension requirements were increased by 25% to reflect the portion of O&M and capital replacements historically funded by the General Fund
- ERUs by SAA extension reflect the ERUs as they are assessed under the proposed ESLS tiered user charges which is often different from how similar values are calculated in individual SAA extensions.

Table 1-2 and Table 1-3 compares the average and range of annual impacts within each of the three tiered groupings to the With Debt and No Debt scenarios respectively. As the proposed SAA extension restructuring combines over 40 individual Street Light SAA extensions into one of three tiered groups, some will experience increases and others will experience decreases.

As part of the study, the inventory of street lights which provide ESLS includes approximately 300 properties which receive ESLS, but were heretofore not included in an SAA or assessed an SAA fee for ESLS. All of these properties are incorporated in proposed ESLS Tier 3 grouping. These properties will be sent information on the proposed fee and will be invited to a planned May 2016 public meeting. It is recommended that additional noticed by provided to those properties prior to the first bill following City Council direction regarding the proposed ESLS user charges.

Table 1-2: Customer Bill Impacts With Debt Funding Scenario

ESLS Tier	SAA Extensions	ERUs (1)	Average SAA per ERU	ESLS	Average Difference per ERU	Range of Differences per ERU (2)
Tier 1	1	2,498	\$1.28	\$ 5.67	\$4.39	\$4.39 to \$4.39
Tier 2	15	927	13.24	15.94	2.70	(\$23.00) to \$11.39
Tier 3	23	853	32.72	43.82	11.10	(\$32.53) to \$27.96
(1) Tier 3 excludes 298 ERUs outside existing SAA extension boundaries. (2) Range of impacts include those decreasing to maximum increase per ERU.						

Table 1-3: Customer Bill Impacts No Debt Funding Scenario

ESLS Tier	SAA Extensions	ERUs (1)	Average SAA per ERU	ESLS	Average Difference per ERU	Range of Differences per ERU (2)
Tier 1	1	2,498	\$1.28	\$ 5.67	\$4.39	\$4.39 to \$4.39
Tier 2	15	927	13.24	27.87	10.90	(\$11.07) to \$23.32
Tier 3	23	853	32.72	59.38	22.93	(\$16.97) to \$43.52
(1) Tier 3 excludes 298 ERUs outside existing SAA extension boundaries. (2) Range of impacts include those decreasing to maximum increase per ERU.						

1.6 CONCLUSIONS

The proposed ESLS user charge and funded service levels reflect a more sustainable service level replacing funding provided today through the ESLS program currently funded through Street Light SAA extensions and the General Fund. As with any transition similar to what is proposed, the recommended approach is not perfect, will need to be refined overtime based on changing circumstances, and will result in “winners” and “losers” in the near-term, while representing a significant incremental improvement that addresses a difficult challenge that has existed for many years.

RFC recommends that the City:

- Adopt and implement the proposed three-tier ESLS user charges as part of the FY 2017 budget effective July 1, 2016.
- Accelerate deferred capital replacements and upgrade standard electricity fixtures and bulbs with higher energy efficiency devices through the use of debt funding.
- Fund deferred pole and fixture capital replacements prioritizing those in the worst condition.
- Modify ESLS programs that allow additional ESLS to be established when the initial capital and administrative costs are fully funded in a manner that:
 - Provides for a more limited set of ESLS options that is periodically reviewed and updated by City staff and that is more controllable and consistent with City standards; and
 - Provides initial funding mechanism separate from the monthly ESLS or BSLS user charges and would fund recurring operating and capital costs through an existing or new ESLS tiered grouping.
- Increase funding for deferred street light capital replacements to continue to reduce the financial.
- Budget for and track expenditures of the proposed ESLS and current BSLS through separate cost centers within the single Street Light Utility Fund managed by the Department Public Utilities.
- Update both BSLS and ESLS through a comprehensive study started in FY 2017 for proposed adjustments as part of the FY 2019 budget and effective no later than July 1, 2018. During the future study, RFC and City staff recommend that two portions of BSLS be segmented on

an ERU basis reflecting changes since the BSLS was implemented and the ESLS developed. The two portions of BSLS include:

- Traffic safety lighting for local streets at intersection and mid-block for pedestrian and traffic safety.
- Continuous street lighting on major streets providing more uniformly dispersed and brighter level of lighting for streets with high traffic volumes, high speed limits and more pedestrian and/or bike traffic.

A key element of this study will be to consider the definition of BSLS and how all customers benefit from and contribute to BSLS.

2. INTRODUCTION AND BACKGROUND

2.1 STREET LIGHTING

The City has a long history of providing street lighting that dates back over 100 years. The City currently provides street light services through three programs.

1. Base street lighting service level (BSLS) provided throughout the City
 - a. Traffic safety lighting for local streets: The City provides street lighting at intersections and mid-block for pedestrian and traffic safety.
 - b. Continuous street lighting for major streets: The City provides a more uniformly dispersed and brighter level of lighting for streets with high traffic volumes, high speed limits and more pedestrian and/or bike traffic.
2. Enhanced street lighting service level (ESLS) provided primarily within Special Assessment Areas (SAAs)
 - a. Additional and/or decorative lighting funding is provided through property-specific special assessments within each SAA. Properties owners within the SAA extensions agree to pay the initial capital costs and 75 percent of recurring O&M and replacement capital costs. The City currently has 42 SAA extensions within commercial and/or residential areas located throughout the City that receive one or more of the following enhanced service levels:
 - i. Decorative poles and aesthetic fixtures, increased lighting beyond intersection and mid-block through higher energy efficient fixtures, lower capital and O&M requirements.
 - ii. Decorative poles and aesthetic fixtures, increased lighting beyond intersection and mid-block through lower energy efficient fixtures, higher capital and O&M requirements.
 - iii. Taller decorative poles and aesthetic fixtures, three lamps per pole with increased lighting beyond intersection and mid-block.
3. Additional or decorative lighting provided through privately funded lighting programs established in 2000. While this program provides for private street lights, they are not developed nor implemented as a replacement for BSLS, they are considered ESLS and the individual owners directly fund on-going and maintenance costs: as such, a fee for ESLS is not necessary; the City bears no responsibility for these facilities.
 - a. Property owners may elect to privately fund the purchase, installation and operation of additional or decorative street lights. The City reviews and approves the selected lights and fixtures and property owners are responsible for all costs. Historically, the City has assisted in funding a portion of the initial costs through a

matching grant program of up to \$5,000 per block face as funds are available for eligible projects⁵.

During the “Great Recession”, the City adopted an austerity program throughout the City. The street light service impact as the City sought to reduce General Fund budget deficits was to significantly reduce street light O&M and deferred maintenance costs for both BSLS and ESLS and in many areas allowing lights to “go dark”. In 2011, the City completed a study to evaluate establishing a Street Light Utility to fund BSLS through a user fee. A Citizen Committee was convened by the City to assist in that review and make recommendations regarding the Street Light Utility and BSLS to City Council. As a result, the City implemented a Street Light Utility in 2013 to fund BSLS throughout the City. Since implementation, a monthly fee of \$3.73 per Equivalent Residential Unit (ERU)⁶ has been assessed to recover BSLS. In BSLS areas, lights are back “on”, funding has stabilized due to dedicated user charge, and deferred maintenance accumulated prior to and through the Great Recession is declining.

During the same 2012 study, the City elected to maintain the Street Light SAA extensions to fund enhanced street lighting areas through special assessments and General Fund sources. ESLS have largely maintained the austere funding posture implemented during the Great Recession and deferred maintenance accumulated prior to and through the Great Recession continues to increase above annual funding through Street Light SAA extensions and the City’s General Fund. Over time, the SAA program has not provided a sustainable funding source to address recurring capital maintenance and periodic capital replacement expenditures as it currently exists. One reason for this is that individual SAA extensions vary widely in terms of the size, number of customers and ability to “absorb” annual costs. For example, capital replacements can be infrequent, very expensive and without advanced funding in year’s preceding the expenditure, the result may be significant fluctuations in annual assessments. This aspect of capital funding is accentuated when the number of customers is smaller resulting in more pronounced variability. Customers often prefer more predictability and stability year over year and as a result, funding may be capped resulting in phased and/or piecemeal capital maintenance.

In 2015, the City completed another study or assessment of the street light program⁷ to assist the City in evaluating SAA funding options, and assessing root causes of the deficiencies of the current SAA program. Recommendations were summarized in the ‘Report of Street Lighting Special Assessment Areas’ by Linda Hamilton Consulting, dated August 5, 2015, and presented to City Council. As a result of the 2015 study, the City Council directed City Staff to dissolve SAA extensions, forego assessments during fiscal year (FY) 2016⁸ and develop a user charge based funding sources

⁵ Matching funds for this program have not been available since 2012 and funding is determined as part of the annual City budget process.

⁶ One ERU is equal to 75 feet of front footage. All single-family residential, duplex and triplex customers are assessed 1 ERU. All other customer classes are assessed the ERUs consistent with the each property’s front footage with a minimum of 1 ERU.

⁷ Report of Street Lighting Special Assessment Areas, Linda Hamilton Consulting, August 5, 2015.

⁸ City’s fiscal year starts July 1st and is completed on June 30th each year. For example, FY 2017 refers to the 12-month period of July 1, 2016 through June 30, 2017.

that equitably recovers ESLS from users; the user charge approach was to be implemented July 1, 2016 as part of the FY 2017 budget.

2.1.1 Study Objectives

In January of 2016, the City retained RFC to evaluate a user charge based funding source for ESLS formerly funded through the SAA extensions. City Council directed City staff to develop ESLS within the following City Council guidelines:

1. No subsidy from BSLS to ESLS previously funded through the SAA extensions.
2. No changes to the existing BSLS charge will be considered.
3. All recommended fees will provide a self-sustainable program for each of the individual ESLS rate groups.

The major objective of the study is to develop tiered charges that recover the annual cost of enhanced street lighting services, while not modifying the BSLS charge assessed City-wide. As part of the study, RFC and City Staff have completed the following consistent with City Council guidelines:

1. Define common and varying ESLS provided in former SAA extensions.
2. Determine the recurring O&M expenses, capital maintenance, capital replacements and reserve requirements associated with the ESLS.
3. Propose ESLS user charge(s) that recover the annual cost of providing ESLS for proposed service level groupings.
4. Present alternatives and policy issues during public meetings to public at large, individual stakeholder groups and to the Public Utilities Advisory Committee (PUAC).
5. Document and present study recommendation and findings to City Council.

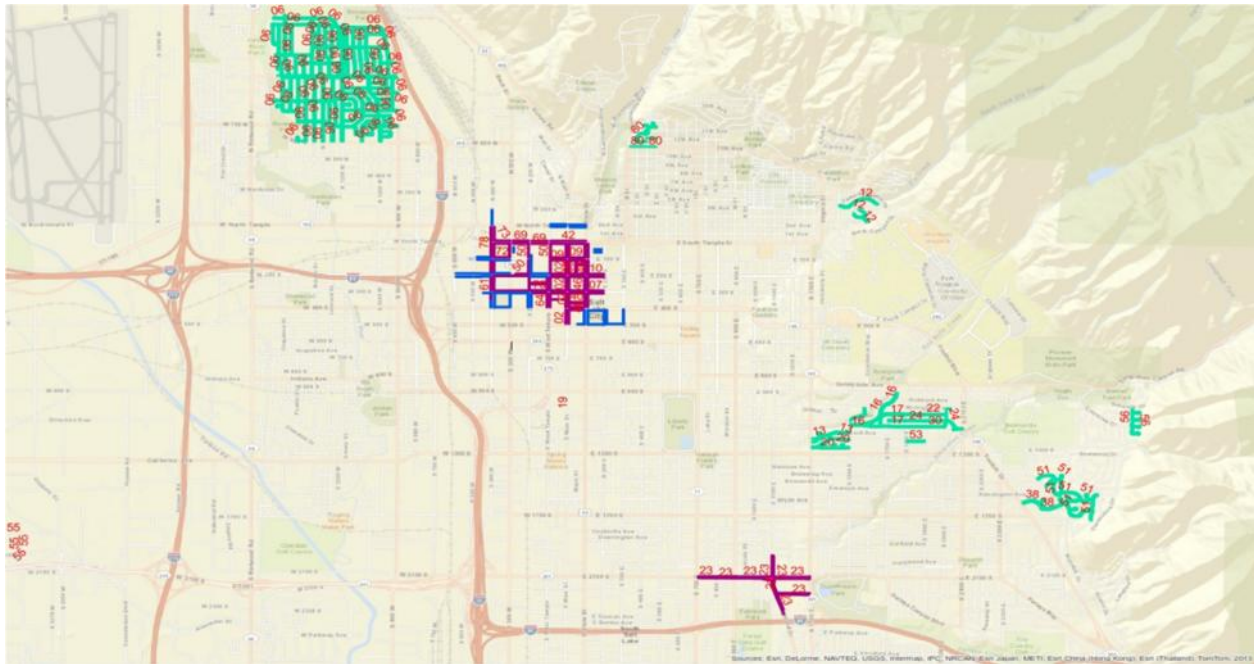
The current BSLS monthly user charge of \$3.73 per ERU was not updated as part of this study.

2.1.2 Enhanced Street Lighting Services

ESLS are currently provided within 42 individual SAA extensions are grouped into three Street Lighting SAA “super groups”. The 42 SAA extensions are located throughout the City and assessments are established, provided and collected separately for individual extensions as part of the three “super groups”.

Figure 2-1 summarizes the 42 individual SAA extensions.

Figure 2-1: SAA Extension Map



RFC and City staff evaluated the ESLS levels provided in each of the 42 SAA extensions. While there are both commonality and variations in the style and aesthetic features amongst the individual SAA extensions, the service level analysis focused on the variations in recurring operating costs as well as capital replacements. RFC and City staff recommend the following three tiered grouping of ESLS:

- Tier 1** - Decorative poles and aesthetic fixtures, increased lighting beyond intersection and mid-block through **higher energy efficiency, lower capital** and O&M requirements.
- Tier 2** - Decorative poles and aesthetic fixtures, increased lighting beyond intersection and mid-block through **lower energy efficiency, higher capital** and O&M requirements.
- Tier 3** - **Taller decorative poles and aesthetic fixtures, three lamps per pole** with increased lighting beyond intersection and mid-block.

After the review of the 42 SAA extensions, RFC and City staff recommend that three of the SAA extensions be reclassified as BSLS as their service is consistent with BSLS. Furthermore, there are areas in central Salt Lake City currently outside the boundaries of individual SAA extensions (blue shaded areas in Figure 2-2) with taller decorative poles that have three lamps per pole and increased lighting beyond intersection and mid-block. RFC and City staff recommend that these areas be reclassified as ESLS areas to match their service level and costs. Figure 2-2 summarizes the proposed groupings consolidating 39 SAA extensions into 3 tiered enhanced street light utility groupings. The green areas correspond to the Tier 1, the purple shaded areas to Tier 2 and the pink and blue shaded areas to Tier 3.

Figure 2-2: ESLS Tiered Groupings

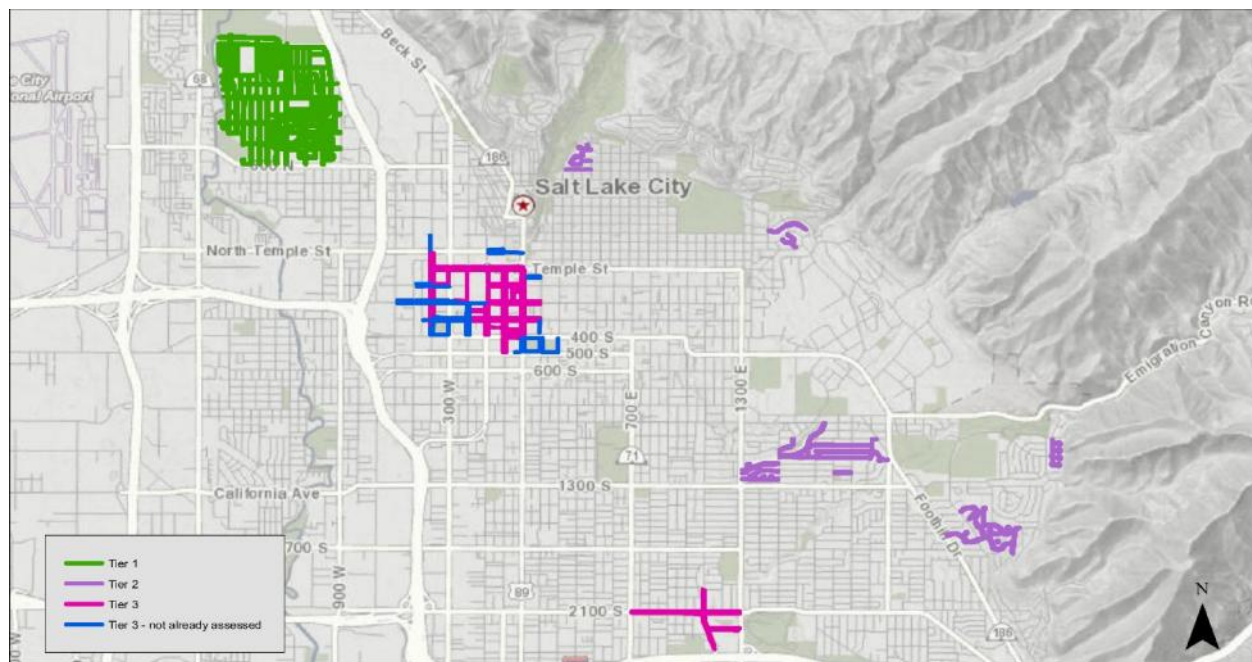


Table 2-1 summarizes Accounts, ERUs, Poles and Fixtures for each of the three proposed ESLS groupings.

Table 2-1: ESLS Tiered Groupings Customer and Facility Summary

ESLS Tier	Accounts	ERUs	Poles	Fixtures
Tier 1	2,498	2,498	751	754
Tier 2	845	927	489	497
Tier 3	<u>929</u>	<u>1,151</u>	<u>1,098</u>	<u>2,839</u>
ESLS Total	4,272	4,576	2,338	4,090

To provide context, the City has roughly 72,000 ERU City-wide and the ERUs within the proposed Tier 1 through 3 groupings represent 6 percent of the ERUs City-wide. Appendices B and C summarize in more detail the properties, ERUs, poles, fixtures and lamps by existing SAA extension and proposed ESLS tiered groupings.

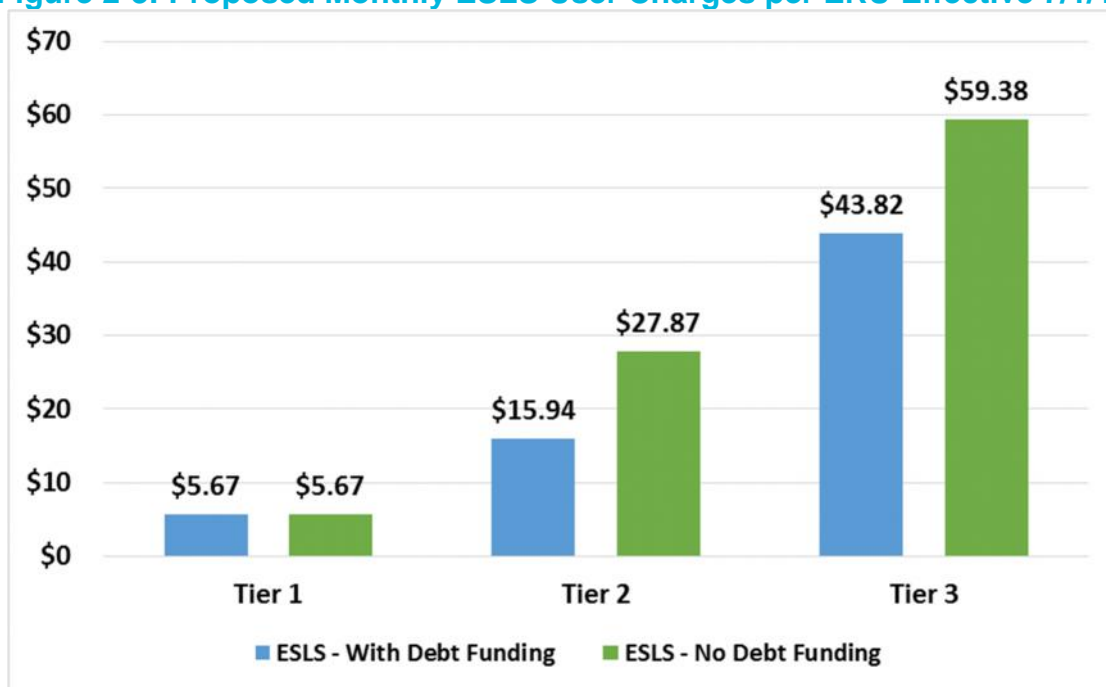
2.2 PROPOSED ESLS USER CHARGES

Figure 2-3: summarizes the proposed ESLS user charges by tier to be effective July 1, 2016 under both debt funding and cash or PAYGO funding plan. The proposed ESLS user charges are sufficient to meet ESLS needs through at least FY 2018. The City plans to complete a comprehensive update to the street light utility prior to the end of FY 2018 to evaluate modifications to BSLS or during the fifth

year since the BSLS user charges were implemented in 2013. RFC and City staff recommend that the BSLS and ESLS updates are evaluated during the same study to efficiently evaluate street light funding needs as part of a single, comprehensive study. Recommendations resulting for the combined BSLS and ESLS analyses are anticipated to be effective no later than July 1, 2018 and integrated within the FY 2019 budget process.

The user charges summarized in Figure 2-3 are proposed to be assessed using the same ERU basis of the BSLS user charges.

Figure 2-3: Proposed Monthly ESLS User Charges per ERU Effective 7/1/16



2.2.1 Future ESLS Areas and Privately Funded Light Programs

As the City is modifying the mechanism whereby the O&M expenses and capital replacement requirements of ESLS areas are recovered, City Council asked that City staff and RFC evaluate mechanisms whereby neighborhoods may request ESLS or privately funded street lighting for decorative and/or enhanced street lighting service levels.

The City BSLS requirements for new development and/or in existing areas to fund initial capital requirements is not changed. The following funding mechanisms for initial capital to install new infrastructure that is separate from the BSLS user charge for recurring O&M and capital replacements are available.

1. Developer installs lighting infrastructure to City specifications and donates infrastructure to the City along with other local facilities constructed to City specifications as a condition of development and dedicated to the City.
2. Grant money such as "Class C" or Community Development Block Grants (CDBG) for initial capital costs.
3. Light infrastructure costs installed as part of a bond issued by the City or others that may include additional infrastructure costs
4. General fund capital improvement project funded by the General fund

In all cases, once completed, the street lighting infrastructure is dedicated to the Street Light Utility to operate, maintain and replace.

At such time in the future when an area and/or neighborhood within the community requests ESLS be established, the group would select the desired ESLS from within a set ESLS options allowed by the City. The full capital and administrative costs to install ESLS may be funded through any of the following mechanisms or in some combination thereof:

1. Developer and/or property owners donating pre-approved enhanced street lighting infrastructure related to a new development.
2. City completing a beautification improvements where enhanced street lighting infrastructure.
3. Neighborhood and/or business areas providing upfront PAYGO or cash funding provided by the SAA members
4. Through a street lighting SAA that recovers only the initial requirements with defined length (term) and expiration date that specifically excludes use of the street lighting SAA for recurring O&M expenses and capital replacement costs following the initial installation.

Neighborhoods and/or business areas seeking ESLS would work with the Utility to select from the standardized suite of lights and poles within each tier. Following installation and dedication to the City Street Light Utility, the City would evaluate service levels and recurring annual costs and if the customers are large enough and/or provide a level of ESLS substantially different from an existing tier grouping, the newly established ESLS would be included in an existing ESLS tier grouping. In the case of a street light SAA for just capital, Utility staff can manage the SAA process coordinating with other City staff and departments as appropriate.

Additionally, a future area and/or neighborhood within the community could request additional and/or decorative lighting provided through a privately funded lighting programs. The City would review and if appropriate approve the selected lights and fixtures and property owner(s) are responsible for all costs. The area or neighborhood provides the full cost of the initial capital installation costs. City assistance is limited to partial funding through a matching grant of up to \$5,000 per block face subject to meeting program eligibility and availability of matching grant funds⁹.

⁹ Matching funds for this program have not been available since 2012 and funding is determined as part of the annual City budget process.

While the private light street program provides for private street lights to be installed, the program is not developed nor implemented as a replacement for BSLS, the programs are considered ESLS and as the owners fund on-going and maintenance costs directly, a fee for ESLS is not necessary; the City bears no responsibility for these facilities.

2.2.2 PUAC and Public Meeting Presentations

RFC and City staff evaluated four primary study issues. These policy items were discussed during the Public Meetings, Open City Hall, and PUAC presentation. The study policy items include:

1. Are high efficiency energy fixture upgrades important to you?
2. Would you pay more to accelerate the pace of high efficiency fixture installation?
3. Do you prefer 1 or 2 residential enhanced service tier groupings?
4. Do you prefer debt or cash funding?

The PUAC provided the following direction regarding the four issues:

1. Yes, high efficiency energy fixture upgrades are important
2. Yes, we would be willing to pay more to accelerate the pace of high efficiency fixture installation
3. 2 residential enhanced service tier groupings
4. Debt funding improvements to accelerate high efficiency fixture installation

A second presentation was made to the PUAC on April 28, 2016 that provided the range of customer bill impacts presented in this report under the three-tiered approach and served to confirm that the three-tiered recommendation should be presented to City Council. Appendix A summarizes the results of the March 17, 2016 PUAC presentation as direction provided to the four study issues and a copy of the ESLS slides presented during this meeting. Direction regarding the first three policy issues were incorporated with the pros and cons highlighted in the following section. RFC and City staff developed proposed user charges that reflect the fourth study issue (debt or cash funding) as previously discussed. 11-year financial plans for both the With Debt Funding and No Debt Funding scenarios are summarized separately in Appendices B and C with the comparative benefits and disadvantages discussed in Section 2.3 and with the present value of the two scenarios presented in Section 2.3.3.

2.2.3 Service Level

As part of the study, RFC worked with City staff to evaluate three service levels summarized in Table 2-2. The three service levels differ in the manner that programmed maintenance, deferred capital replacements and high energy efficiency fixture capital replacements are funded.

Table 2-2: ESLS Cost Components under Reactive, Proactive Service Levels

ESLS Cost Components	Cost Type	Reactive	Proactive	Sustainable
Electricity	O&M	Yes	Yes	Yes
Bulb Replacement	O&M	Yes	Yes	Yes
Reduced electricity and bulb replacement costs	O&M	No	No	Yes
Programmed Maintenance	O&M	No	Yes	Yes
Reactive Maintenance	O&M	Yes	Yes	Yes
Reactive capital replacements	Capital	Yes	Yes	Yes
Deferred capital replacements	Capital	No	Yes	Yes
Higher Energy Efficiency Fixture Installation	Capital	No	No	Yes

Reactive service is generally provided today within the 42 SAA extensions and is limited to O&M expenses and capital maintenance expenditures as infrastructure fails or following infrastructure failures in previous year(s). If the City were only interested in replacing the current SAA funded ESLS program with user charges assessed to three tiers per ERU, the cost differences would be limited to how overhead, administrative and assessment costs are incorporated under an SAA program compared to a user charge program. If continued at a reactive service level, the condition of ESLS infrastructure will continue to worsen as deferred capital maintenance requirements increase resulting in more frequent infrastructure failures may be expected.

Proactive service level increases incorporate additional recurring costs associated with proactive and planned maintenance as well as funding deferred capital replacements annually as part of the annual funding requirements. Providing funding for planned maintenance and deferred capital replacements enables improved maintenance and phased capital replacements through prioritized capital expenditures resulting in sustained incremental improvements. Even under proactive service levels, infrastructure may still fail, but such failures should be less frequent as deferred capital replacements are completed over time.

Sustainable service levels incorporate proactive service levels plus higher energy efficiency lighting capital investments that reduce operating costs while replacing fixtures and lamps providing a payback over time. These one-time capital investments will free up funding for capital maintenance and replacements that would otherwise fund annual O&M expenses of electricity and bulb replacement.

RFC and City staff recommended and have developed user charges under the sustainable service level option.

2.2.4 Funding Higher Energy Efficiency Fixture Upgrades

RFC and City staff evaluated the benefits of funding one-time capital costs within ESLS areas to upgrade light fixtures to a higher energy efficient fixtures and bulbs. The City is upgrading BSLS with higher energy efficiency fixtures and bulbs as an outcome of the study completed in 2012 and implementing user charges for BSLS. Higher energy efficient fixtures and bulbs result in lower recurring electricity and bulb maintenance costs as discussed in greater detail in Section 2.3.1. Recurring O&M savings may be used to provide a source for capital replacement funding and/or mitigate the pace and size of future increases to proposed ESLS user charges.

RFC and City staff recommended and have developed user charges that anticipate upgrades of all standard energy efficient lighting fixtures and bulbs with higher energy efficient fixtures and bulbs over the 11-year planning period.

2.2.5 Tiered Groupings

RFC and City staff evaluated two and three tier groupings, i.e., multiple customer groupings based on ESLS. Three tiers are recommended to separate residential areas that have installed enhanced street lighting areas that already include higher energy efficient fixtures from residential areas that require major wiring and capital upgrades and currently do not have higher energy efficient fixtures. The two tier option combined Tiers 1 and 2 residential areas into a single ESLS tier reflecting decorative lights with one bulb per pole and was presented during public meetings on March 10, 2016 and to the PUAC on March 17, 2016. A second presentation was made to the PUAC on April 28, 2016 that also included a range of customer bill impacts detailed in this report and confirming that the three-tiered option as the recommended approach for consideration by City Council. The result under the two-tier option would be a weighted average charge per ERU assessed to areas that had previously installed higher energy efficient fixtures with areas that have not installed higher energy fixtures with costs to do so included in the user charge.

RFC and City staff recommended and have developed user charges under a three-tiered ESLS option.

2.2.6 Funding to Accelerate Capital Improvements

The final study issue centers on the funding source for capital improvements. One alternative is to continue to PAYGO cash funded improvements. The advantage of PAYGO cash funding is that the City avoids paying interest and related issuance costs associated with debt funding improvements. The downside of PAYGO cash funded improvements is that the proposed user charges increase more quickly or absent an accelerated increase in user charges, the capital project improvements can only be phased over a longer period of time and annual variability may be more pronounced. The advantage of debt funding some improvements allows the City to build things more quickly saving in cost inflation, project management costs and realizing the reduced O&M expenses through accelerated energy efficient fixture installation. For example, to the extent that the City is accelerating energy efficiency improvements through a PAYGO cash funding scenario, the reduced

operating costs are realized over a longer period of time as cash funded capital improvements are phased over a seven-year time period.

Two user charges alternatives were developed with the No Debt Funding scenario funding capital improvements only with cash (PAYGO) while the With Debt Funding scenario funding capital improvements with a combination of debt and cash. Both scenarios are discussed in the following section.

2.3 FINANCIAL PLAN

A multi-year financial plan was developed for both capital funding alternatives (debt versus PAYGO cash funding) in consultation with City staff. Appendix B summarizes the financial plan under the With Debt Funding scenario and Appendix C summarizes the financial plan under the No Debt Funding Scenario. RFC and the City recommend the “With Debt Funding” alternative. This section of the report summarizes baseline assumptions and projection information.

The alternative financial plans and proposed annual user charges (subject to increase or decreased and summarized in Appendices B and C) reflect the following financial planning criteria:

- Fund annual O&M expenses, debt service and cash-funded capital expenditures
- Exceed financial performance measures of
 - annual legal debt service coverage (DSC) requirements and
 - annual cash operating reserves of at least 60 days of O&M

DSC is a financial performance measure that evaluate net revenues available for debt service (revenues less O&M expenses) divided by annual debt service payments. The legal DSC requirements is 125 percent of annual debt service with a City set financial planning target of 200 percent of annual debt service. Over the financial planning period, the ESLS funds exceed the DSC target.

A second measure is the cash operating reserve of 20 percent of O&M. This cash reserve provides working capital to fund expenditures throughout the year as ESLS user charges are billed and recovered monthly.

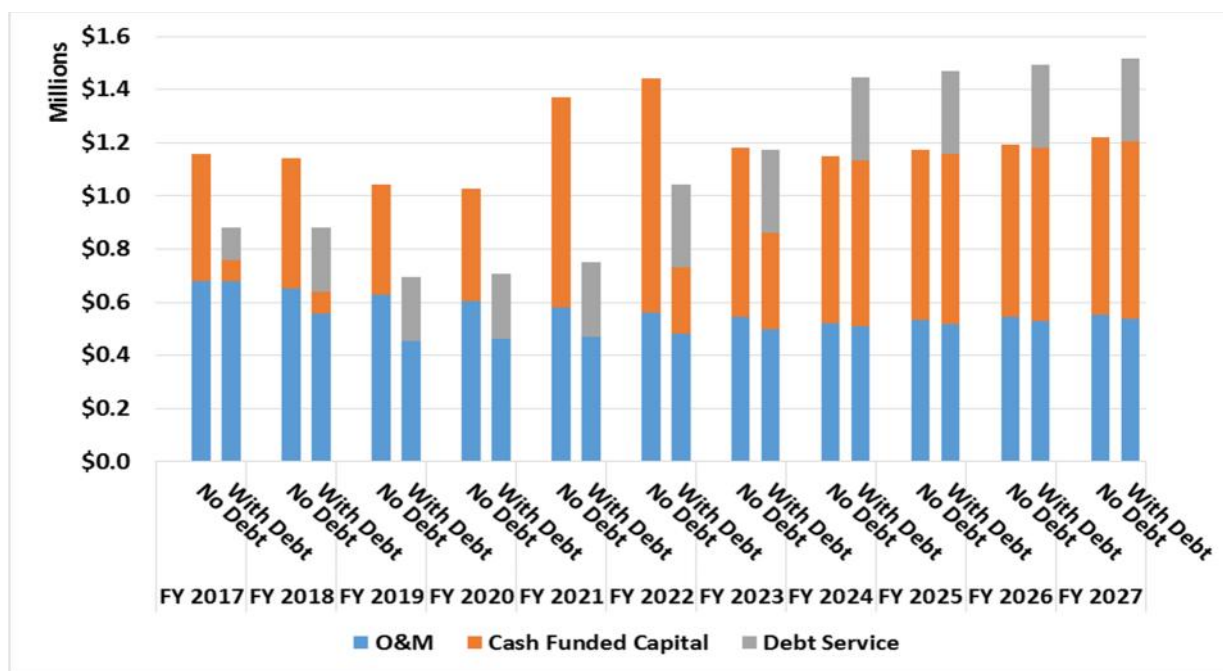
Projected costs were evaluated over an 11-year financial planning period. The cost types include O&M expenses, capital related expenditures and cash operating reserves and financial planning criteria.

- O&M expenses
 - Electricity
 - Bulb Replacement
 - Proactive and reactive maintenance
 - Overhead
- Capital expenditures
 - Capital projects (net of debt funding)
 - Faulty / defective wiring

- Higher electric efficiency fixture upgrades
- Capital replacements
- Debt Service
- Cash operating reserves and financial planning performance measures

Figure 2-4 summarizes the projected annual O&M, capital and debt service costs under each scenario.

Figure 2-4: Expense Summary by Scenario



The No Debt scenario will require higher initial user charges and due to capital project requirement variability, some tiered user charges are projected to be reduced in the final five years of the 11-year planning period. The With Debt scenario provides accelerated funding of capital improvements, including installing higher energy efficient fixtures more quickly and realizing reduced O&M expenses, while providing for lower initial user charges, more stable funding requirements and projected user charge increases for all three tiered groups over the 11-year planning period.

2.3.1 O&M Expenses

O&M expenses include recurring operating, proactive and reactive maintenance and administrative expenses. The sub-sections discuss projected results and variables.

2.3.1.1 Electricity and Bulb Replacement

Rocky Mountain Power (RMP) bills the City for all power costs related to BSLS and ESLS. These costs have historically been allocated among BSLS and SAA extensions since 2013. The budgeted FY 2016 costs provide a base cost for ESLS electricity costs. As higher energy efficiency fixtures replace standard energy fixtures, electricity use is projected to decrease approximately 60 percent per bulb.

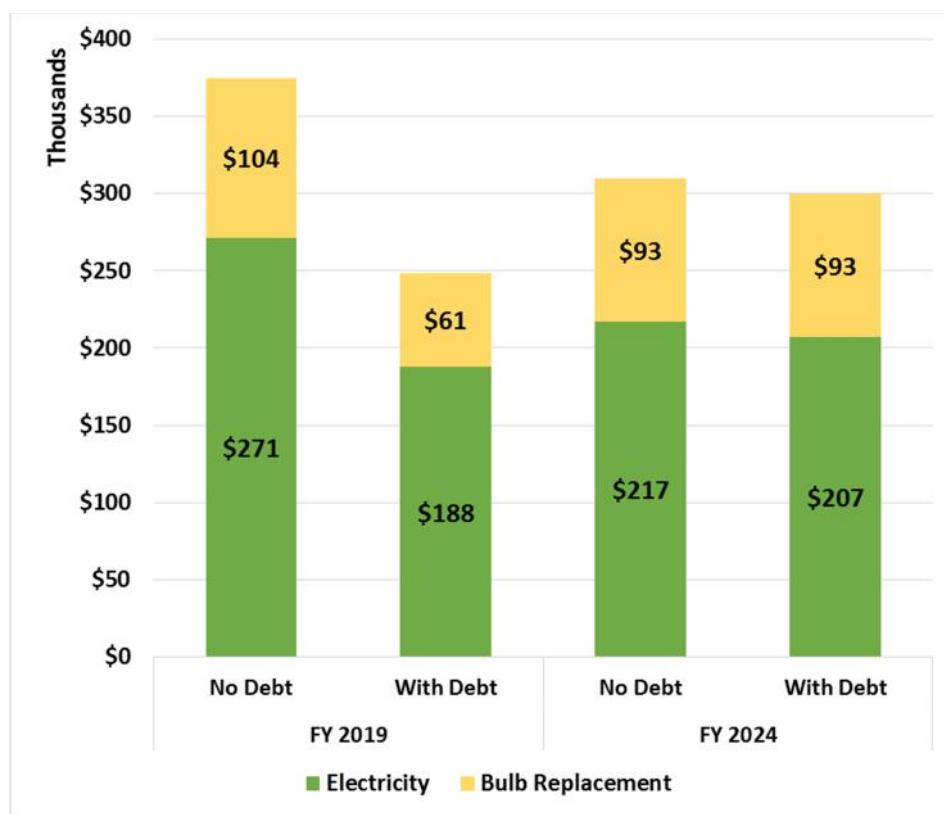
The estimate is based on the City's experience implementing similar higher energy efficiency upgrades.

Under the No Debt Funding alternative, the high efficiency upgrades are phased-in over a seven-year period from FY 2017 to FY 2023. Under the With Debt Funding alternative, the high efficiency upgrades are grouped into two phases with the first phase implemented over a two-year period from FY 2017 to FY 2018. The second phase is projected to start in FY 2021 completed in FY 2022.

Bulb replacement costs are another recurring O&M expense that may be reduced through high energy efficient fixtures. Higher energy efficient bulbs, while more expensive than standard energy efficiency bulbs, last longer and do not need to be replaced as often. The City's current maintenance contract provides for a \$3.30 charge per lamp for standard energy efficient bulbs that includes the cost of the bulb as well as labor and material to "replace" it. Higher energy efficient bulbs are projected to incur a \$1.50 charge annually per lamp to replace once they burn out as they are expected to be replaced less frequently.

Figure 2-5 summarizes the projected electricity and bulb replacement costs among the two scenarios in FY 2019 and FY 2024. In FY 2019, electricity and bulb replacement costs total \$375,000 under the No Debt Funding scenario and \$249,000 under the With Debt Funding scenario or a recurring annual savings of \$126,000 per year. By FY 2024 when both the No Debt and With Debt alternatives have upgraded all ESLS fixtures with higher energy efficient fixtures using LED technologies, the electricity and bulb replacement savings are reduced to \$10,000 annually. By issuing debt to accelerate funding of higher efficiency energy fixtures and bulbs, the City is able to realize reduced O&M more quickly applying savings to the other ESLS requirements.

Figure 2-5: Electricity & Bulb Replacement Cost Forecasts



Both electricity and bulb replacement costs are allocated to the ESLS tier groupings based on the number of bulbs. Tier 3 areas include triple headed cactus poles with three bulbs per pole and are therefore allocated additional costs. Both bulb replacement and electric costs, net of savings from installation of higher energy efficiency fixtures, are projected to increase over time by an inflation factor of 2 percent per year.

2.3.1.2 Reactive and Programmed Maintenance

Two additional recurring operating costs incorporate reactive and programmed maintenance. As part of the City's street lighting contract, reactive maintenance incurs costs as street lights stop working and/or require unplanned maintenance. The City also plans for proactive maintenance like replacing fixture covers, painting poles and similar types of recurring maintenance. Not all areas require the same level of proactive maintenance, so there may be a prioritization process in an individual year that reflects these types of costs. These costs were based on historical annual averages amongst the enhanced service level areas and are projected to increase by an annual inflation factor of 2 percent. These costs increase from \$40,900 in FY 2017 to \$49,857 in FY 2027 under both scenarios. Appendices B and C summarize these additional costs for each scenario.

2.3.1.3 Miscellaneous and Overhead

The final O&M expense area includes miscellaneous expenses and overhead. Overhead reflects 10 percent of the O&M expense and includes Department of Public Utilities shared expenses like the

utility billing system, a portion of management personnel costs and similar shared costs that benefit all Utility services.

2.3.2 Capital Expenses

Capital expenses include recurring and periodic cash funded capital requirements, debt service related to proposed debt and items like sufficient cash reserves and/or contributions to capital replacement reserves.

The City has funded a minimum level of capital costs as infrastructure deteriorates or fails and requires replacement. Ideally, the City would have assessed annually the cost of the capital facility accumulating cash so that funds are available in the year that the infrastructure fails. In practice, such disciplined funding is very difficult to assess, restrict and administer and thus have not consistently been in place in ESLS funded through SAA extensions. Compounding the problem are annual variations in capital requirements with multiple “pools” of customers throughout the 42 SAA extensions. These factors have compounded so that annual capital maintenance in addition to accumulated capital replacements will be required. The City may choose to phase-in and/or increase funding for this capital maintenance and will refine estimates annually with user charges updated in future Street Light Utility fee studies.

The anticipated capital costs include the following expenditure types:

- One-time expenditures to replace wiring that was initially installed in concrete. The City has been phasing in these requirements in multiple Tier 2 ESLS areas.
- Energy efficiency improvements to replace standard energy efficient fixtures with higher energy efficient fixtures and light bulbs using LED technologies.
- Annual pole and fixture replacement based on the anticipated life of each infrastructure component. Unspent annual amounts will be accumulated in a repair and replacement capital reserve available to fund future capital replacements within ESLS areas.

The sub-sections discuss projected results and variables.

2.3.2.1 *Bad Wiring Replacement*

Multiple SAA extensions on the east side of Salt Lake City have street light wiring that is in need of replacement. The wire replacement is more expensive in this area because it was installed within concrete sidewalks requiring much more extensive capital expense. The costs necessary to replace this faulty/defective wire were estimated by City staff to be \$765,000 before inflation. Appendices B and C contains a detailed forecast of these expenses, which are inflated by an annual factor of 2 percent.

2.3.2.2 *High Efficiency Upgrades BSLS and ESLS*

The City’s goal is to eventually convert standard energy efficient fixtures and bulbs to higher energy efficiency LED fixtures and bulbs. Based on historical costs, the City estimates that the cost to convert a single bulb lamp and fixture to a high efficient LED bulb in both BSLS and ESLS areas is \$500, whereas the cost to convert a three bulb and fixture pole is \$750. The City anticipates full conversion

of higher energy efficiency fixtures to be completed by FY 2023 or within an 11-year timeline from implementation of the BSLS user charges. As discussed in the O&M Electricity and Bulb Replacement section, under the No Debt Funding alternative, the high efficiency upgrades are phased-in over the seven-year period from FY 2017 to FY 2023. Under the With Debt Funding alternative, the high efficiency upgrades are grouped into two phases with the first phase implemented over a two-year period from FY 2017 to FY 2018. The second phase is projected to start in FY 2021 and completed in FY 2022. Appendices B and C contain a detailed forecast of these expenses, which are inflated by an annual factor of 2 percent.

As discussed previously, accelerating the pace of higher energy efficiency fixtures results in higher overall O&M savings realized more quickly resulting lower user charge requirements and more funding available for deferred capital replacement requirements.

2.3.2.3 Capital Replacement

Capital replacement expenses are related to pole replacement costs. The replacement cost of a single light decorative poles is estimated at \$6,500, whereas a single taller three-light decorative poles is estimated at \$17,500 with both values stated in 2016 costs before inflation. City staff estimates a useful life of 50 years. The financial plan assumes that by FY 2024, all three ESLS tiers are recovering the annual 50-year life replacement cost of their respective poles. The phased-in cost recovery allows for other more time-sensitive upgrades, such as bad wiring and energy efficiency upgrades, to be completed first with a smaller impact on rates. Appendices B and C contain a detailed forecast of the capital replacement expenses, which are inflated by an annual factor of 2 percent.

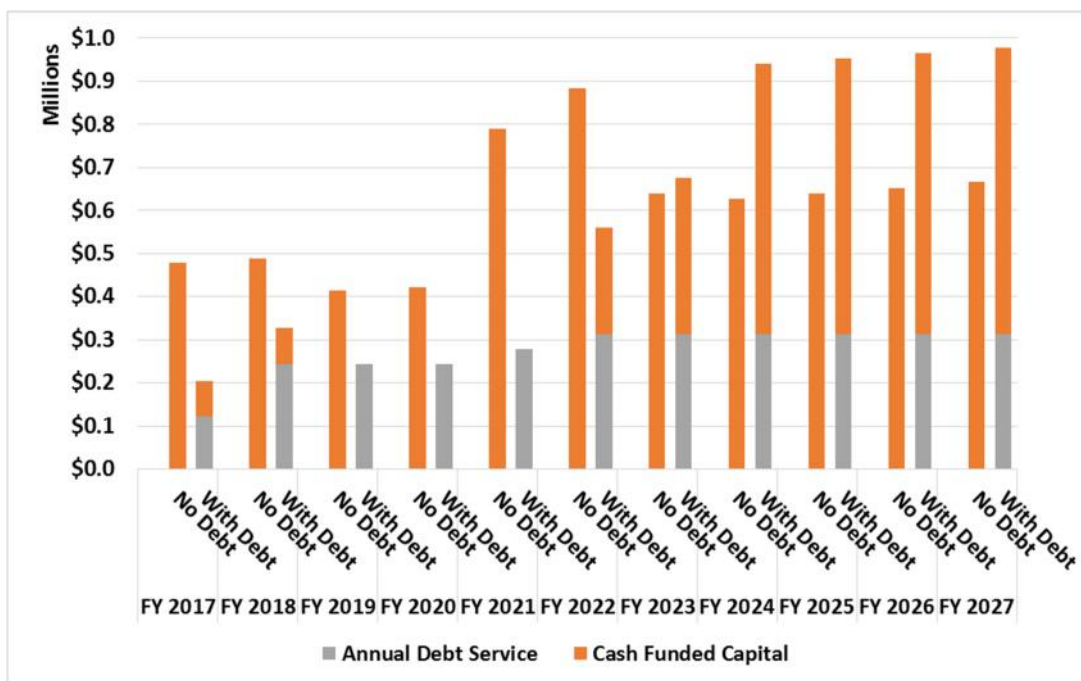
2.3.3 Debt

The ESLS SAA extensions funds do not currently have any outstanding debt. RFC and the City analyzed the potential benefits to ESLS of issuing debt to accelerate and “smooth out” the cash funded requirements of the ESLS tiered groupings.

2.3.3.1 Debt Issuance Assumptions

The legal debt service coverage requirement on the debt is 1.25 times; however, the Department of Public Utilities targets debt service target of at least 2.00 times annual debt service. Under the With Debt Scenario, \$2.5 million of debt will be issued in FY 2017 to fund the bad wiring replacements and a portion of the high efficiency upgrades. An additional \$720,000 is projected to be issued in FY 2021 for the remainder of the higher efficient light fixture upgrade capital projects. Both debt issuances assume a 15-year term, 5.0 percent annual interest rate, 1.0 percent issuance costs, and a January 1 issuance date.

Figure 2-6: compares annual debt service payments and cash funded capital under each scenario.

Figure 2-6: Annual Debt Service and Cash Funded Capital

To provide an economic comparison of the two scenarios, a net present value (NPV) of cash funded capital, debt service, and electric power costs for the eleven year period of FY 2017 – FY 2027 between the No Debt and With Debt scenarios was prepared. The results of the NPV analysis is presented in Table 2-3.

Table 2-3: NPV of Costs - No Debt and With Debt Funding Scenarios

Scenario	NPV
With Debt	\$9,706,000
No Debt	<u>9,331,000</u>
Difference	\$375,000

The With Debt scenario has a net present value cost of \$375,000 more than the No Debt scenario. However, additional benefits of issuing debt include the ability to accelerate capital project construction and the ability to smooth out annual revenue requirements with annual debt service payments as opposed to fluctuating cash funded capital payments.

2.4 CUSTOMER BILL IMPACTS

RFC evaluated customer bill impacts under the proposed three-tiered ESLS user charges compared to costs today under the current SAA funded ESLS program. As there are 42 separate SAA assessments that do not fully reflect the annual O&M expenses and capital expenditure requirements and are assessed differently than the proposed ESLS per ERU, it was necessary to adjust the “basis” of the current SAA based assessments. Appendix D includes a detailed, SAA by SAA comparison for each of the two financial planning scenarios. In order to more fairly compare the two financing scenarios, the following adjustments were necessary:

- Most recent SAA extension requirements were increased by 25% to reflect the portion of O&M and capital replacements historically funded by the General Fund.
- ERUs by SAA extension reflect the ERUs as they are assessed under the proposed ESLS tiered user charges and this is often different from how similar values are calculated in individual SAA extensions.

Table 2-4 and Table 2-5 compare the average and range of annual impacts within each of the three tiered groupings for the With Debt and No Debt Funding Scenarios. As the proposed SAA extension restructuring combines over 39 individual Street Light SAA extensions into one of three tiered groups, some will experience increases and others will experience decreases.

Table 2-4: Customer Bill Impacts With Debt Funding Scenario

ESLS Tier	SAA Extensions	ERUs (1)	Average SAA per ERU	ESLS	Average Difference per ERU	Range of Differences per ERU (2)
Tier 1	1	2,498	\$1.28	\$5.67	\$4.39	\$4.39 to \$4.39
Tier 2	15	927	13.24	15.94	2.70	(\$23.00) to \$11.39
Tier 3	23	853	32.72	43.82	11.10	(\$32.53) to \$27.96
(1) Tier 3 excludes 298 ERUs outside existing SAA extension boundaries. (2) Range of impacts include those decreasing to maximum increase per ERU.						

Table 2-5: Customer Bill Impacts No Debt Funding Scenario

ESLS Tier	SAA Extensions	ERUs (1)	Average SAA per ERU	ESLS	Average Difference per ERU	Range of Differences per ERU (2)
Tier 1	1	2,498	\$1.28	\$ 5.67	\$4.39	\$4.39 to \$4.39
Tier 2	15	927	13.24	27.87	14.63	(\$11.07) to \$23.32
Tier 3	23	853	32.72	59.38	26.66	(\$16.97) to \$43.52
(1) Tier 3 excludes 298 ERUs outside existing SAA extension boundaries. (2) Range of impacts include those decreasing to maximum increase per ERU.						

2.5 CONCLUSIONS

The proposed ESLS user charge and funded service levels reflect a more sustainable service level and replacing funding provided today through the ESLS program currently funded through Street Light SAA extensions and the General Fund. As with any transition, the recommended approach is not perfect, will need to be refined overtime based on changing circumstances, and will result in “winners” and “losers” in the near-term, while representing a significant incremental improvement that addresses a difficult challenge that has existed for many years.

RFC recommends that the City:

- Adopt and implement the proposed three-tier ESLS user charges as part of the FY 2017 budget effective July 1, 2016.
- Accelerate deferred capital replacements and upgrade standard electricity fixtures and bulbs with higher energy efficiency devices through the use of debt funding.
- Fund deferred pole and fixture capital replacements prioritizing those in the worst condition.
- Modify ESLS programs that allow additional ESLS to be established when the initial capital and administrative costs are fully funded in a manner that:
 - Provides for a more limited set of ESLS options that is periodically reviewed and updated by City staff and that is more controllable and consistent with City standards; and
 - Provides initial funding mechanism separate from the monthly ESLS or BSLS user charges and would fund recurring costs through an existing or new ESLS tiered grouping.
- Increase funding for deferred street light capital replacements to continue to reduce the financial.
- Budget for and track expenditures of the proposed ESLS and current BSLS through separate cost centers within the Street Light Utility Fund managed by the Department Public Utilities.
- Update both BSLS and ESLS through a comprehensive study started in FY 2017 for proposed adjustments as part of the FY 2019 budget and effective no later than July 1, 2018. During that study, RFC and City staff recommend that two portions of BSLS be segmented on an ERU basis reflecting changes since the BSLS was implemented and the ESLS developed. The two portions of BSLS include:
 - Traffic safety lighting for local streets at intersection and mid-block for pedestrian and traffic safety.
 - Continuous street lighting on major streets providing more uniformly dispersed and brighter level of lighting for streets with high traffic volumes, high speed limits and more pedestrian and/or bike traffic.

A key element of this study will be to consider the definition of BSLS and how all customers benefit from and contribute to BSLS.