

ITEM: Process for developing a public and private fee policy for existing streetlights

SUBMITTED BY: Susan Hoyt, City Administrator

REVIEWED BY: Tom Bouthilet, Finance Director
Jack Griffin, City Engineer
Jerry Filla, Attorney

SUMMARY AND ACTION REQUESTED: The city council is being asked to receive information on how to proceed with developing a policy to determine what existing streetlights should be paid through public funds and which should be charged to private property owners. The city council requested this information at a city council meeting earlier this year. The city covers the cost of electricity for its streetlights and city share of traffic signals. The annual streetlight costs through August of this year were \$11,000 and \$22,000 was expended in 2006 for all electrical streetlight charges. The city typically does not cover the replacement parts for these lights. To be sure that private parties are charged appropriately, especially on a retroactive policy, the city will want to carefully evaluate and document the method as well as alert potential future payers, who have not been charged to day, of the pending change in policy. A policy related to future development's streetlight charges can be developed as part of the city's development policies and fees, which will require updating. The staff is asking for direction from the city council on whether or not to proceed with this policy development for existing streetlights at this time. And, if directed to proceed, to make suggestions on the proposed process with a timeline for completing the work.

ADDITIONAL INFORMATION

Streetlights exist to protect the public health and safety.

Some cities have a general streetlight franchise fee which charges all property owners.

The proposal here is to determine which streetlights perform the public health and safety function on a more private property basis and which do on a public basis.

STEPS IN THE PROPOSED PROCESS

Determine how much of the streetlight bill is due to traffic signals, which clearly serve an overall public benefit. The steps and

1. Inventory the location of all city streetlights (not traffic signals)
(assistant engineer, with field confirmation by pw or planning)
 - Separate those that are county lights and not city lights
 - Separate those that are private lights and not city lights

2. Determine definitions for benefiting parties of streetlights:
 - Streetlights serving the public health and safety that should be covered by city funds.
 - streetlights in areas by schools, parks, commercial areas (where there is a lot of public, city hall)
 - streetlights along public roads
 - Streetlights serving primarily the private public health and safety (city attorney and city engineer could help with this to be on firm legal footing)
 - name geographic and demographic requirements of such an area such as a neighborhood
 - identify neighborhood differences, if any, and define which neighborhoods are more 'public' and which are more 'private' perhaps use streetlights in neighborhoods along private roads
3. Allocate the streetlights to each beneficiary category based upon pre-determined criteria
For those in the private benefiting designation, determine the area (property owners) within the benefiting area so these can be charged.
(planning/project)
4. Determine the streetlight fee: (finance)
 - Option 1 - Charge per streetlight based upon a per light basis
For example, 220 lights in a \$22,000 budget means \$ 100 per light
 - Option 2 – Meter each light and charge for use or meter an area and charge for use

Determine mechanism for relaying this information to the utility billing accountant.
5. Invite property owners in the benefiting areas into the city to learn about the idea and comment on the program. (city clerk with project assistant)

Have an example of the annual fee, its basis and how it is calculated for them to see what the impact is for those interested in the proposed fee.
6. Adopt the fee for the private benefiting parties to cover street lighting costs.
(city council)
7. Implement billing mechanisms including software, invoicing and receipting system.
Incorporate with current utility billing system wherever possible; or use the 429 assessment process for an annual assessment to properties that benefit from streetlights.
This requires a public hearing.
(finance)

REQUEST TO COUNCIL

- Determine the desirability of retroactively reviewing the streetlight policy.
 - If desirable, determine the priority for this work at this time for existing streetlights to direct staff.

- In reviewing future developments with streetlights get clarification on the city's policy for covering the operations of streetlights once the lights are installed. (The developer typically pays for the streetlights and their installation).

ORDER OF BUSINESS

Introduction	Susan Hoyt, City Administrator
Report	Susan Hoyt, City Administrator
Questions from the city council to staff (round robbin)	Mayor and Council members
Questions from the public to the council (3 minutes per person max)	Mayor facilitates
No motion needed – general direction	
Discussion (round robbin)	Mayor facilitates
Direction	City Council