

STAFF REPORT

City of Lancaster

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Date: February 27, 2007

To: Mayor Hearn and City Council Members

From: James R. Williams, Public Works Director

Subject: **Placement of New Street Lights on the LS-3 Rate Schedule**

Recommendation:

Approve, as a cost saving measure for the street lighting district, the placement of new street lights on the LS-3 Rate Schedule (City owned and metered for energy use) and direct staff to proceed with implementing the change to be effective on July 1, 2007.

Fiscal Impact:

It is estimated that the City could experience up to a 20% reduction in cost for new street lights on the LS-3 Rate Schedule by retaining ownership and self-maintaining future street lighting systems. The cost will apply only to the street lights actually on the LS-3 Rate Schedule. Expenses incurred would be paid from the assessments paid annually by the property owners into the Lancaster Lighting Maintenance District. This is not a new expense, it is a cost saving measure.

Background:

Jurisdiction of the Lancaster Lighting Maintenance District (LLMD) transferred from the County of Los Angeles to the City of Lancaster in September 1991. The costs of maintaining the lights in the LLMD, exclusive of energy costs, have risen over the years from \$30 per lighting unit to \$77.84 per lighting unit in the current year. To best manage and administer the street lighting district, staff continues to investigate ways to reduce the cost of street lighting. A recently completed report recommended new street lights to be dedicated to the City, to be placed on the LS-3 Rate Schedule, and to be assigned to City maintenance and operating resources.

Currently, the City requires that all new street light systems be approved by the City and Southern California Edison (SCE), and be constructed and then dedicated to SCE for future operations and maintenance. All street lights installed in the City of Lancaster belong to and are maintained by SCE with the exception of approximately 640 lights which are under the ownership and responsibility of the City. There are roughly 16,000 street lights in Lancaster that have been annexed into the LLMD to pay for their maintenance and servicing. The City pays for the maintenance and servicing of the street lights in the LLMD through annual assessments collected from the benefiting property owners, as direct assessments, on the tax rolls.

SCE has three rate schedules approved by the California Public Utilities Commission to charge for the energy and maintenance of street lights. The first schedule is the LS-1 Schedule and is for unmetered, SCE owned and maintained lights. The second is the LS-2 Schedule and is for unmetered, customer owned, SCE maintained lights. The final schedule is the LS-3 Schedule and is for metered, customer owned and maintained lights. All of the lights in the LLMD are on the LS-1 Schedule except for the approximately 640 lights that the City owns which are on either the LS-2 or LS-3 Schedules. The LS-1 Rate Schedule is the most expensive schedule. The annual engineer's report for the LLMD indicates expenses will be approximately \$2.4 million with the majority of that being paid to SCE for operations and maintenance of the street lights in the LLMD this year.

There are many tasks that will need to be accomplished by staff and /or a consultant prior to placing lights on the LS-3 Schedule. These tasks are shown on the attached Exhibit A and include developing design standards, drawings, preparing ordinances and fee schedules and contracting for the maintenance services with a private lighting service firm. There are also several City Council actions that will need to occur such as adopting ordinances and fee resolutions to effect the change.

With the City Council's concurrence and direction to proceed with placing all new street lights installed in the City on the LS-3 Rate Schedule, we will strive for full implementation by July 1, 2007.