



STAFF REPORT

DATE: January 19, 2021

TO: Kent Cagle, City Manager

FROM: Jon Locke, Executive Director of Finance

SUBJECT: Streetlight Audit and Ownership Support

BACKGROUND AND FINDINGS:

There are approximately 4,440 streetlights throughout the City that are owned by Oncor. The City pays Oncor a monthly tariff per streetlight that amounts to nearly \$697,085 annually. As Killeen grows and additional streetlights are added, the annual cost of streetlights will increase proportionately.

City staff have been exploring the possibility of acquiring ownership of streetlights within the city. There are currently three Oncor covered cities in Texas that own their streetlights, namely Wichita Falls, Arlington, and Fort Worth. These cities acquired ownership of their streetlights many years ago. There have not been any Texas cities that have acquired ownership of their streetlights in recent years.

Tanko Streetlighting, Inc. is a national firm that specializes in assisting municipalities with their streetlighting needs. The company provides a turn-key solution for municipalities with professional services ranging from auditing streetlights to energy efficiency conversion projects. Tanko has been involved in projects that total more than 500,000 streetlights nationwide spanning twenty-three states and fifty-five utilities. The company is currently working with three cities in Texas on streetlighting projects, including Keller, Grapevine, and Corinth.

Tanko's standard turn-key service consists of four primary components: 1) project development, 2) ownership negotiations, 3) energy efficiency conversion, and 4) ongoing streetlight maintenance. The proposed professional services agreement will cover the first two components. The remaining components will be bid out separately when and if the City decides to move forward with each.

Project Development consists of three tasks: 1) comprehensive geographic information system (GIS) audit of existing streetlights, 2) data reconciliation, and 3) design for a LED streetlight conversion project. This essential step allows for the proper valuation of the streetlight system and provides insight into the existing infrastructure. The audit will collect data on all existing streetlight inventory and identify attributes on-site, including:

- ☐ Global Positioning Service (GPS) coordinates of each fixture location;
- ☐ Fixture type;
- ☐ Lamp type and wattage;
- ☐ Pole material, mounting height, and arm length;
- ☐ Pole ID number;

- ☐ Street width and configuration (e.g. intersection, crosswalk, etc.);
- ☐ Electrical feed (e.g. overhead, underground); and
- ☐ Visible issues (e.g. pole leaning, fixture damage, tree obstruction).

Tanko will provide weekly audit reports on locations completed and a record of all fixtures audited with their associated attributes. The results of the audit will be compared to Oncor's billing inventory to ensure all streetlights have been identified and a data reconciliation report will be provided to the City.

With the data collected during the audit, Tanko will provide a recommended LED streetlight replacement design that will include the brand of fixture, replacement wattages, color temperatures, light distribution patterns, and options to optimize a LED streetlight retrofit. The City's streetlights will be organized by roadway classification (e.g. residential, collector, and arterial) and Tanko will provide a minimum of three layouts for replacement fixtures.

The next step is ownership negotiations, where Tanko will assist the City in obtaining ownership of streetlights from Oncor. Tanko will provide an in-depth valuation of existing streetlights that will include a determination of the value of the streetlight system, estimation of deferred maintenance, determining the remaining life of the system, an estimate of cost savings should the City decide to convert to LED fixtures, and a multi-year cash flow analysis to show the feasibility of ownership. Tanko will negotiate on behalf of the City and coordinate with the City's legal team in the event ownership negotiations lead to litigation. Costs related to legal action will be an additional cost and the responsibility of the City.

Tanko will be compensated based on the following pricing:

| Service Description | Task | Unit Pricing | Quantity | Pricing |
|----------------------------|---------------------|---------------------|-----------------|----------------|
| Project Development | GIS Audit | \$18 per fixture | 4,440 | \$79,920 |
| Project Development | Data Recon & Design | \$7 per fixture | 4,440 | \$31,080 |
| Ownership Negotiations | N/A | *\$40,000 | 1 | \$40,000 |
| | | | | |
| | | Subtotal Amount | | \$151,000 |
| | | Contingency | | \$45,300 |
| | | Total | | \$196,300 |

*Fixed fee payable only upon viable offer from Oncor to the City or a Court Order in favor of the City to purchase the streetlights.

The primary reason for the project is to reduce streetlighting costs. The annual amount paid to Oncor for streetlights is estimated to decrease from \$697,085 to \$91,628, representing an annual savings of \$605,457. Since the City will own the streetlights, the cost of maintaining the streetlights will become the City's responsibility. Maintenance costs are estimated to be \$6 per month per fixture or \$319,680 annually. Factoring in the maintenance costs, the net annual savings of the project are estimated to be \$285,777 (\$605,457 annual cost savings - \$319,680 maintenance costs).

THE ALTERNATIVES CONSIDERED:

1. Do not enter into a professional services agreement for streetlight audit and ownership support;
2. Enter into a professional services agreement with Tanko Streetlighting, Inc.

Which alternative is recommended? Why?

Option 2 is recommended. Tanko's sole focus is on municipal streetlighting projects. The firm has extensive background in streetlighting that includes experience on projects as small as 49 fixtures to as large as 38,000 fixtures. The project is estimated to save the City \$285,777 annually.

CONFORMITY TO CITY POLICY:

The professional agreement complies with state and local purchasing guidelines:

- ☐ Local Government Code, Chapter 252 - Purchasing and Contracting Authority of Municipalities
- ☐ City's Financial Management Policy, Section VIII. Procurement of Goods and Services

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

The estimated expenditures associated with the agreement are \$151,000, and the project is expected to be finished prior to December 2021. Including the contingency for underestimated streetlights of \$45,300, the not to exceed amount of the agreement is \$196,300. If streetlight ownership negotiations require legal action, the City will incur additional costs. The cost to acquire the streetlights from Oncor will be determined during the negotiation process.

Is this a one-time or recurring expenditure?

Costs associated with this agreement and acquiring the streetlights are one-time costs. There will be ongoing costs to maintain the streetlights.

Is this expenditure budgeted?

Funding is available in the Governmental Capital Projects Fund, account number 349-8920-493.69-01.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes

RECOMMENDATION:

City Council approve the professional services agreement with Tanko Streetlighting, Inc. for streetlight audit and ownership support in the amount not to exceed \$196,300 and that the City Manager or designee be authorized to execute change orders as permitted by state and local law.

DEPARTMENTAL CLEARANCES:

Public Works
Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreement
Certificate of Interested Parties