

DECISION/DIRECTION NOTE

Title: Galway Decorative Lights

Date Prepared: January 7, 2021

Report To: Committee of the Whole

Councillor and Role: Councillor Maggie Burton, Planning & Development

Ward: Ward 5

Decision/Direction Required:

A decision is required regarding the payment to the developer (Dewcor) of any savings the City may realize from the installation of decorative LED street lights in Galway.

Discussion – Background and Current Status:

The normal delivery of street lighting throughout the City and Province is through infrastructure owned and operated by Newfoundland Power. The City pays a monthly rate to Newfoundland Power for each light. This fee is all inclusive and besides electricity also includes the cost to operate, maintain and replace the infrastructure in perpetuity. The City does not own, operate or maintain these lights.

Rather than using standard street lights throughout Galway, Dewcor wished to install decorative street lights to enhance the aesthetics and distinctiveness in certain areas of the development. Newfoundland Power indicated that they were not interested in these decorative street lights. Subsequently, in 2016 Dewcor approached the City with a proposal that Dewcor purchase and install the decorative lights at its cost and the City take over the ownership of the lights including operation, maintenance and replacement costs in addition to normal costs of electricity. A cost analysis was prepared based on the limited data that was available. In calculating the City's ongoing costs, several assumptions were made including the life expectancy of the fixtures, the life expectancy of the poles, the cost of routine maintenance, the cost to replace the poles and the cost to replace the fixture heads.

Given that Dewcor was covering the cost to purchase and install the lights and the proposed fixtures were LED and required less electricity, the analysis indicated there would be potential savings to the City that would offset the cost of future ownership when compared to the standard Newfoundland Power installation. Based on these factors, Council approved the proposed decorative LED lights in the first phases of Galway.

After the lights were installed, Dewcor requested that any savings the City realized from the decorative LED lights be passed on to Dewcor, stating "the city must remain revenue/cost neutral with city taxpayers paying no more and no less." Staff's position is that the City is not obligated to remain revenue/cost neutral and may use any savings for the benefit of all

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taxpayers. Furthermore, staff feel that Dewcor should have included this condition in its initial request to Council to use decorative lights.

It should be stated that the projected savings are based on a number of assumptions regarding future O&M costs and therefore may or may not be realized in full. In accepting ownership of these lights, the City accepted any risks associated with future costs.

Key Considerations/Implications:

1. Budget/Financial Implications:

This has a direct impact on the City's operating budget. The net present value of the potential savings over the anticipated life cycle of the infrastructure is \$491,000. This is for the decorative lights installed to date with further use of decorative lights in future phases of the development resulting in similar scenarios.

2. Partners or Other Stakeholders:

Dewcor
City taxpayers

3. Alignment with Strategic Directions/Adopted Plans:

The City maintaining any savings aligns with the strategic direction of being fiscally responsible.

4. Legal or Policy Implications: N/A

5. Privacy Implications: N/A

6. Engagement and Communications Considerations: N/A

7. Human Resource Implications: N/A

8. Procurement Implications: N/A

9. Information Technology Implications: N/A

10. Other Implications: N/A

Recommendation:

That Council retain any savings realized from the use of decorative street lights in Galway.

Prepared by:

Approved by: Jason Sinyard