

Minutes

The City Council of the City of Leawood, Kansas, met for a Special Call Meeting at City Hall, 4800 Town Center Drive, at 6:00 P.M., on Tuesday, January 17, 2012. Mayor Peggy Dunn presided.

Councilmembers present: Debra Filla, Gary Bussing, Lou Rasmussen, Andrew Osman, Jim Rawlings, Julie Cain, and James Azeltine

Councilmembers absent: Carrie Rezac

Staff present: Scott Lambers, City Administrator	Patty Bennett, City Attorney
Joe Johnson, Public Works Director	Deb Harper, City Clerk
Dawn Long, Finance Director	Pam Gregory, Assistant City Clerk

Others Present: Craig Parmeley, KCP&L
David Sutphin, KCP&L

Discuss potential purchase of City-leased streetlights from KCP&L

Mayor Dunn called the meeting to order at 6:10 P.M. Introductions were made by those present.

Presentation – Public Works Director Joe Johnson

The Governing Body originally met in a work session on December 6, 2010, to begin discussions to potentially purchase streetlights leased through KCP&L. The City has 1,134 leased streetlights. Using the cost of \$900 per light from the Lenexa buyout, the City should anticipate paying \$1,020,000. Maintenance for these lights will need to be added to the City’s existing maintenance contract through Black & McDonald at an estimated annual cost of \$49,000. The annual electricity charge would be approximately \$31,000 using the rates given by KCP&L. Most of the lights are not metered. There are energy charges and charges based on the bulb wattage. If metered, the cost would increase to approximately \$44,000 per year. As the lights are moved onto a metered system, the annual electric cost would begin to decrease; however, it would take several years to accomplish this. The City paid \$338,000 for leased streetlights in 2010 and \$331,000 in 2011. Taking all of these factors into consideration, there would be \$241,000-\$255,000 in annual savings by owning the streetlights. Based upon KCP&L’s inventory study, there are 1,146 leased streetlights. They estimated the purchase cost to be \$1.3 Million. When City staff did its inventory, they did not include the lights on the wood poles. The cost difference could be due to the age of some of the lights. The City adds a few streetlights per year to residential areas from requests of residents. Staff reviewed KCP&L’s list of other considerations with one concern being: “KCP&L may request a streetlight inventory verification once every two years to be paid for by the City for the purpose of verifying the status of the existing streetlight system.”

If the lights are purchased, they would like to establish a program to begin metering the lights and remove them from KCP&L's straight-rate plan. They would need to work annually with KCP&L to ensure the City doesn't receive bills for the lights moved onto the metered system. The City would install the meters and run all new underground electrical cables connecting each light. This cost has not yet been determined but could be done in conjunction with the Street Reconstruction Program.

Councilmember Bussing asked if they would bond this cost. Mr. Lambers responded this would be taken from the operating costs and the lease payments would be replaced with payments to purchase. The balance would come from the ending cash reserves. Purchasing the streetlights would be a smart financial decision.

Councilmember Osman asked who would ensure the photocells (light sensors) are working properly so the lights are on only at dark. Mr. Johnson replied Black & McDonald and City inspectors address this by doing monthly drive-bys. Residents also call the City to report light outages and lights that remain on.

Mr. Johnson confirmed if the streetlights are old and need to be replaced; the cost to install the meters and underground cables would be consistent to undergrounding utilities in a new development. The lights along the arterial streets are in good condition and won't need to be replaced for several years. The ones that need replaced would be incrementally added into the mill and overlay projects. He estimated the cost to install the meters and cables to be \$200,000. There would be one meter for each row of streetlights. Before metering the lights, they are awaiting the outcome of a study being conducted by KCP&L with the Mid-America Regional Council [MARC] on several pilot projects on the use of LED and induction lights (similar to a fluorescent light) to determine the best use. Currently, all of the City's signals are LED. Several cities throughout the metro-area are also considering purchasing their streetlights to take advantage of the savings.

Councilmember Rawlings asked who would be responsible for repairing the lights if a natural disaster occurred. Craig Parmeley, KCP&L, confirmed KCP&L would be responsible from the transformer to the metering pedestal. From the metering pedestal on would be the City's responsibility. Councilmember Rasmussen stated in terms of service, they needed to identify the point of separation of the systems and know exactly what they are purchasing. David Sutphin, KCP&L stated if there is a streetlight issue, Black & McDonald would take care of it. Mr. Lambers confirmed the City has insurance coverage for damage incurred from natural disasters.

Councilmember Rasmussen wanted to ensure the City maintains the ability for citizens to petition for a streetlight.

Mr. Sutphin stated the point of separation from underground to overhead would be considered in the details since each location could be a little different. Their estimate of \$1.3 Million is based upon the number of streetlights and includes determining the point of separation.

Mr. Lambers confirmed the City has no existing lease agreement with KCP&L.

Mr. Parmeley stated they wanted to work in collaboration with the City and had based their cost on the book costs of the assets.

Mr. Lambers proposed this purchase for the 2013 Budget to conclude over a 3-year timeframe. There is money already programmed in the budget for the lease, which can be used for this. The balance would come from the ending cash reserves.

Mayor Dunn received majority consensus to move forward and begin the process of the 3-year buyout. Councilmember Rasmussen abstained due to a conflict of interest. Mayor Dunn noted this would come to conclusion on a future agenda at a Governing Body meeting.

Councilmember Bussing wanted clarification on how they were planning to fund this. He thought the general fund was down 18% this year. Councilmember Rasmussen stated they began 2011 with approximately \$50 Million and asked how the year ended. Mr. Lambers replied the general fund is up approximately \$6 Million with less expenditures and increased revenues. Money will be spent in the first year that is not in the model; however, as they buyout the lights, the lease payments decrease in subsequent years and the payments not made for lease payments will replenish it. Over the 10-year life of the model they will see a positive cash flow to the City's general fund.

Mr. Parmeley confirmed their legal department had reviewed the outline of the purchase agreement and stated they would further review the details to ensure there are no issues.

There being no further business, the work session was adjourned at 7:15 P.M.

Pam Gregory, Recording Assistant City Clerk