



Street Lighting Discussion
July 30, 2020

December 31, 2019 and 2020 (est.) Street Light Special Revenue Fund

Deficit fund balance at

December 31, 2019 (\$2.30 million)

Projected deficit if fee structure is not adjusted

December 31, 2020 (\$3.02 million)

* Fee structure is permitted under Ga. Const. Art. IX, § II, ¶ VI

Current Rate Structure

(approved September 4, 2018)

- Residential in suburban district who have neighborhood street lights are billed at \$85 per parcel
- All Commercial properties are billed at \$107.36
- All Exempt properties are billed at \$85
- Hephzibah and Blythe were excluded
- For each residential parcel in the urban service district \$85 from ad valorem taxes collected from Urban mill rate is transferred to Street Light Fund
- 17,000 parcels not being billed

Summary for 2020 Discussion

- Current budget is \$6.148 million
- Estimated \$5.6 million will be spent on Electricity, (budgeted at \$5.5 million)
- \$185,000 budgeted for Traffic Supplies and Replacement lights
- \$367,000 obligated for S&W, benefits, other
- Leaves only \$4,000 for other operating expenses

New Streetlights in 2020

Street lights added in 2020	145
Revenue generated	\$ 27,285
Cost to operate	<u>\$ 43,500</u>
Deficit	<u><u>\$ (16,215)</u></u>

Example of one subdivision

Old Mc Duffie Road

Street lights added	51
Parcels billed	58
Rate per parcel	\$ 85
Revenue generated	\$ 4,930
Cost to Operate	<u>\$ 11,500</u>
Deficit	<u><u>\$ (6,570)</u></u>

System Issues

- The rate structure is insufficient to cover the cost of individual subdivision lighting
- 60% of cost of operations is attributed to roadway lights
- 17,000 parcels contribute nothing towards the cost of the whole system.

Review Two Rate Structures Previously Discussed

- Flat Rate Fee
- Tiered Rate Fee

Rate Proposal 1

Flat Rate Structure at \$100 and \$150

**\$100 per parcel Residential, \$150 per parcel Commercial
Hephzibah and Blythe excluded, exempt parcels not billed**

Total parcels	81,367	Residential	69,363	*
Less Hephzibah and Blythe	(2,465)	Commercial	6,427	
Total parcels for calculations	78,902	Exempt	3,112	
		Total	78,902	

	Total Parcels*	Rate \$100/\$150	Revenue
Residential	69,363	\$ 100	\$ 6,936,300
Commercial	6,427	\$ 150	\$ 964,050
Exempt	3,112	0	\$ -
Total	78,902		\$ 7,900,350
	less bad debt	5%	\$ (395,018)
	net revenue		\$ 7,505,333

* Hephzibah and Blythe parcels excluded - all counted as residential

Rate Proposal 2

Tiered Rate Structure

	<u>Parcel Count</u>	<u>Rate</u>	<u>Revenue</u>
Residential without Streetlights - Includes Hephzibah and Blythe - Include residential paying HOA for Street Lights	17,343	\$ 52.50	\$ 910,508
All Tax Exempt parcels	2,950	\$ 52.50	154,875
All Urban Service District Residential - No direct bill, transfer from property tax until phased in	13,558	\$ 105.00	1,423,590
Residential currently billed for Streetlights	41,089	\$ 105.00	4,314,345
All Commercial	6,427	\$ 175.00	1,124,725
Totals	<u>81,367</u>		<u>7,928,043</u>
Allowance for Bad Debt - 5%			396,401
Net Revenue			<u>\$ 7,531,641</u>

Flat Rate or Tiered Rate

Flat Rate

- Pro
 - Simple to administer
 - Cost of service shared equally by all property owners
 - Will enable removal of imbedded service from urban service bill
- Con
 - Fee for service level not aligned with level of service delivered
 - Does not address HOA issues
 - Revenue stream does not grow unless new parcels are drawn

Tiered Rate

- Pro
 - Costs are more closely aligned with service level
 - Will enable removal of imbedded service from urban service bill
 - Revenue from billing increases as service districts are added
 - HOA issue is addressed
 - All parcels share some portion of cost
- Con
 - Parcels not previously billed will see line on tax bill for base level of service for roadway lighting costs

Principles of tiered structure

1. **All** parcels participate in sharing cost of roadway lighting which is 60% of total cost
2. Streetlights system is **fee based**. Fees are associated with level of service
3. Parcels in neighborhoods with lights pay roadway lighting cost plus that of neighborhood lighting.
4. Tax Exempt parcels, Hephzibah, and Blythe pay **only fee for roadway costs**
5. Parcels who pay for lights thru their HOA are **only paying for roadway costs**

Current and Proposed Fees

Current Rate Structure		Proposed Rate Structures			
		Flat Rate		Tiered Rate	
\$107.36	All Commercial	\$150	All Commercial	\$175	All Commercial
\$85	All Residential with Neighborhood lighting, Exempt	\$100	All Residential	\$105	Residential with Neighborhood lighting
\$0	Hephzibah, Blythe, Residential without neighborhood lighting, Parcels with lighting from HOA	\$0	Exempt, Hephzibah, Blythe	\$52.50	Residential Without neighborhood lighting, Exempt, Hephzibah, Blythe, Parcels with lighting from HOA

Allocation of Revenue

	Plan 1 Flat Rate	Plan 2 Tiered Rate
Funds existing operations	\$ 6,148,000	\$ 6,148,000
Pay down deficit in 3 years	765,000	765,000
Expansion & renewal of system	<u>592,000</u>	<u>619,000</u>
Total	<u><u>\$ 7,505,000</u></u>	<u><u>\$ 7,532,000</u></u>

Actions Needed

- Agree upon a billing methodology
- Agree upon fees to be charged and to whom they apply
- Approve revenue allocation plan
- Adopt the rate structure. *A change must be adopted prior to the issuance of the 2020 tax bills to avoid increasing the deficit.*
- Plan for review of rate structure **regularly** to avoid insufficient revenue stream

Questions – Comments

