



Agenda Item:

53A

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 7/12/2004
No.: 04-324
Agenda Item Type: Resolution
No.:

Communication

Roll Call

Submitted by: Eric A. Anderson, City Manager

SUBJECT—

Approving Street Lighting Service Agreement between MidAmerican Energy Company and the City of Des Moines

SYNOPSIS—

This agreement establishes that MidAmerican will provide street lighting services for the City of Des Moines for five years at a reduced rate.

FISCAL IMPACT—

\$1,350,000 annual savings for five years (total of \$6,750,000). This annual savings is derived from two elements

- \$650,000 annual discount on street lighting costs
- \$700,000 annual rebate on the approximately 4,100 street lights that have been turned off. This rebate will be reduced on a pro-rata basis if street lights are turned back on.

RECOMMENDATION

Approval

BACKGROUND—

Council entered into an electric services agreement with MidAmerican Energy Company in 1998 (Roll Call 98-2743) whereby MidAmerican maintained ownership of the streetlight system in exchange for reduced rates for those services. The term of that agreement will end on August 31, 2004.

If approved, this agreement would allow MidAmerican to continue to own the streetlight system in exchange for reduced rates. The term is shortened to five years and will expire August 31, 2009.

New to the agreement is a rebate for street lights that have been turned off. The City will receive a \$700,000 rebate per year for as long as the approximately 4,100 street lights remain off. If these lights are turned back on, the rebate will be void.

This agreement, combined with a new value-added service agreement (a separate item on this agenda) will total \$1,700,000 annually.