



OFFICIAL MINUTES OF THE TUALATIN CITY COUNCIL WORK SESSION FOR DECEMBER 9, 2019

Present: Mayor Frank Bubenik, Council President Nancy Grimes (arrived at 5:59 p.m.), Councilor Bridget Brooks, Councilor Robert Kellogg, Councilor Paul Morrison, Councilor Maria Reyes, Councilor Valerie Pratt

Mayor Bubenik called the meeting to order at 5:31 p.m.

1. Street Lighting Conversion.

Public Works Director Jeff Fuchs and Management Analyst Nic Westendorf presented three approaches to the ongoing ownership and management of the City's street lights. In each approach they worked with PGE to determine upfront and lifetime costs using a Net Present Value analysis. This analysis was precipitated by immediate capital improvement needs in the system. Analyst Westendorf stated High Pressure Sodium Vapor (HPSV) lights are no longer supported and need to be upgraded to Light Emitting Diode (LED) lights at a cost of \$1.6 million. He added the City will also need to replace 630 laminated wood poles at a cost of \$1.2 million. These costs combined total \$2.8 million to maintain the City's current infrastructure.

Analyst Westendorf stated there are three options for the Council to consider:

Option A: PGE owns and maintains poles and lights.

Option B: The City owns and maintains everything. This approach most closely aligns with the City's current ownership model.

Hybrid Option: The City owns poles and PGE owns lights.

Analyst Westendorf stated staff recommends converting to Option A or the Hybrid option.

Councilor Pratt asked how much staff time is involved with the Hybrid Option. Director Fuchs said it is hard to guess hours, but staff time would be spent coordinating with PGE rather than in ongoing maintenance.

Councilor Pratt asked whether circumstances would be changed in 20-years assuming the City selects each option. Director Fuchs stated that under Option B, it would be the City's responsibility to determine what to do. Under the Hybrid Option and Option A, PGE would be deciding.

Councilor Brooks asked if staff time went in to the numbers provided. Analyst Westendorf stated staff time was not included in the costs presented.

Councilor Brooks asked if the timeline for replacement of the wood poles in the Hybrid Option and Option A is the same. Director Fuchs responded it is.

Councilor Brooks asked if there is a replacement in the future for current LED technology. Director Fuchs responded PGE is looking at LED lights today. LED technology will likely change and may be more efficient in the future.

Councilor Morrison asked for clarification on the way payments are made by the City and residents. Finance Director Don Hudson stated billing for street lights is on a monthly basis and the City transfers one-seventh of the road utility fund to the road operating fund to pay for street lights which does not fully cover the cost. Residents pay the remaining through gas tax.

Councilor Morrison asked for clarification on reduced monthly costs. Analyst Westendorf stated the reduction is a result of energy savings from LED lights. In addition, Option B assumes the City will retain ownership over the 630 poles over their lifetime (once replaced). In Option A and the Hybrid Option, those poles will be transferred to PGE immediately (Option A) or once they reach their end-of-life (Hybrid Option).

Councilor Morrison asked what the City would plan to do with the \$1.6 million upfront payment from PGE in Option A. Director Hudson responded it would be reserved to offset future costs.

Councilor Morrison asked whether City staffing would be reduced in Option A or the Hybrid Option. Director Fuchs stated staffing would likely not be reduced because of existing workloads.

Councilor Morrison asked how 5G installation may impact the poles. Director Fuchs stated regardless of ownership (PGE or City), 5G would be required to cover the cost of the pole.

Councilor Kellogg asked how the City would finance the increased lifetime cost in Option A or the Hybrid Option. Director Hudson responded we would likely be able to finance the increase with annual fund balance savings. He noted increases to the road utility fund are reliant on population increases. Councilor Kellogg expressed concerns with the City's ability to sustain increased lifetime costs.

Councilor Kellogg asked if the City's Ordinance allows the pole owner or the owner of the right-of-way to collect the attachment fee when small cell comes in. City Attorney Brady responded whoever utilizes that pole has to get a permit from the City and pay an attachment fee, regardless of pole ownership. Councilor Kellogg asked how the lease fee is collected and if the FCC regulated that. Attorney Brady stated the FCC does not regulate private property. Cities are restricted on what they can and cannot do in this area, but the FCC has not done anything with the utility owners themselves.

Councilor Kellogg asked whether the City's agreement with PGE could include language allowing the City to purchase poles back at any time. Analyst Westendorf stated the agreement could include that language. A representative from PGE indicated the buy-back amount is currently unknown. Councilor Kellogg expressed dissatisfaction with the Hybrid Option not including a payment from PGE.

Mayor Bubenik asked how the Hybrid Option would be financed in year one as it has not been budgeted for. Analyst Westendorf stated the City determines when to start the clock. Waiting presents a liability and inconvenience. There would be some cost savings because the City currently budgets \$100,000 annually for pole replacement which would no longer be needed. Director Hudson added staff would assess the priorities in the budget each year and likely rely on contingency in the first year to make up any difference.

Councilor Brooks asked what type of material would the replacement poles be. Analyst Westendorf responded it would be a fiber material.

Mayor Bubenik asked how long it would take PGE to get out for replacement with Option A or the Hybrid Option. Analyst Westendorf stated it would be about 3 years with each option.

Councilor Morrison, Councilor Pratt, Council President Grimes, and Councilor Brooks all spoke in favor of Option A.

Councilor Kellogg spoke in favor of the Hybrid Option as he feels it gives the city time to work through any budget implications. Mayor Bubenik concurred.

Council consensus was reached to proceed with the hybrid option.

2. Council Meeting Agenda Review, Communications, and Roundtable.

Council Communications were postponed until the Council meeting. Councilor Morrison requested Item 2 be removed from the Consent Agenda.

Adjournment

Mayor Bubenik adjourned the meeting at 6:50 p.m.

Sherilyn Lombos, City Manager

_____ / Nicole Morris, Recording Secretary

_____ / Frank Bubenik, Mayor