

Agenda Report

December 3, 2001

TO: City Council
Through Finance Committee

FROM: City Manager

SUBJECT: Rejection of Proposal from City Light and Power to Take Over the Maintenance and Operation of the City of Pasadena's Street Lights and Traffic Signal Operations

RECOMMENDATION:

It is recommended that the City Council reject the proposal of City Light and Power to take over the maintenance and operations of the City of Pasadena's Street Light and Traffic Signal Operations.

BACKGROUND:

Since 1996, the City has had several conversations with representatives from City Light and Power (CLP), a privately held company that proposed to provide maintenance and operation services to the City's street lights and traffic signals. At the request of CLP, information was prepared by the City and provided to CLP and in 1999 an unsolicited proposal was received. Staff reviewed the proposal and decided not to pursue it.

DISCUSSION:

Earlier this calendar year, it was requested by CLP to reconsider the earlier decision. Staff engaged the services of KPMG to review the proposal, compare both the services and costs to the City's current service level and costs and identify other factors that might impact the cost savings identified in CLP's proposal. Attached for City Council consideration are the results of KPMG's review.

A summary of the KPMG's findings are:

1. Based upon the fiscal year 2001 budget, it appears that the City might save \$111,672 or 8% by contracting with CLP.
2. Base service levels appear to be comparable between CLP and the City.

MEETING OF 12/3/01

AGENDA ITEM NO. 5.B.(1)

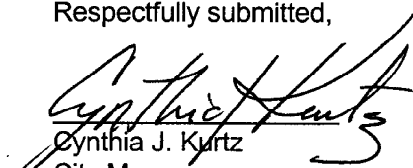
3. There are numerous ancillary services provided by the City that would be considered work order requests by CLP. These costs are included in the City's budget; however, would be increases to the CLP. This could not be quantified at this time; however, based upon an estimate of what it costs the City to provide these services, could increase CLP's costs by \$50,000 to \$100,000.
4. There would be ancillary costs to the City associated with implementing the contract with CLP. These include possible severance packages to employees impacted by outsourcing these services and contract implementations and administration.

Based upon this information, it is staff's recommendation that the City Council reject CLP's proposal and continue to provide street light and traffic signal services inhouse.

FISCAL IMPACT


It is difficult to determine the actual cost savings associated with the City Light and Power proposal. At the high end, it would appear that the City could save approximately \$111,000. It is anticipated that the actual savings, if any, would be much less than this.

Respectfully submitted,

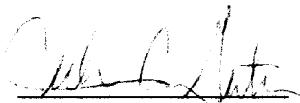


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Approved by:



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