

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 16, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO 62 : COST OF EXPANDING THE HOLIDAY LIGHTS PROGRAM

This is in response to a question from Mayor Euille regarding the costs of extending the holiday lights program along King Street beyond the current 3-month period.

Under the current budget of \$66,000, the holiday lights program runs from late November through the end of February. The program budget provides for new incandescent light strands for all the trees (\$11,000); the crews (combined effort of City forestry staff and professional urban forestry contractors) needed to check and install the light strands (\$41,000); and the electricity to operate the lights for 3 months (\$14,000). At the end of the 3-month program, the lights are budgeted to be turned off but not removed as the cost of deploying crews to take down the light strands is significantly more than the cost to replace all the lights the following year. Also, the City currently uses incandescent lights as opposed to LED's because the electrical savings over 3-months is not sufficient to cover the additional material costs.

Below are cost estimates for 2 options for extending the holiday lighting program period, as well as the current 3-month program costs. The first new option would provide for a 12-month program, while the second would provide a 6-month program (October – March) that would roughly coincide with daylight savings time and be opposite the leaf season. Because it is the less expensive choice, both these new, extended options are calculated assuming the use of LED lights.

OPTION 1 (3 restringings annually)

	3 Months	6 Months	12 Months
City Staff	\$16,000	\$32,000	\$48,000
Forestry Contractors	\$25,000	\$50,000	\$75,000
Materials*	\$11,000	\$37,500	\$75,000
Electricity*	\$14,000	\$3,650	\$7,300
TOTAL	\$66,000	\$123,150	\$205,300

Both the current incandescent lights and the available LED option are rated by the manufacturer for 90 days (3 months) of continuous use. Through past experience with the holiday lights program, City staff has found that the average lifespan for a strand of lights typically exceeds the 3-month rating by a little bit. For this reason, both the 6-month and 12-month option cost estimates are calculated assuming a 4-month lifespan for the lights, which would result in deploying the City and contracted forestry crews 2 and 3 times during the year respectively to repair and replace lights as necessary.

Option 2 for an extended (beyond 3-months) holiday lighting program period would involve no replacement lights. Each October/November, crews would replace all the lights in all the trees. The lights would then be left on for 6 months or 12 months and would not be replaced even if they failed at some point. It is expected that after 6 months there would be a significant number of strands or complete trees that would no longer be lit. Towards 12 months that number would greatly increase. Under this plan budget, the lights would not be addressed until the following October/November. This option would save on both labor and materials (assume LED lights due to longer program period), but would provide a lower service level. This was how the City handled keeping the holiday lights on during 2008. Under these assumptions, the program costs would be:

If City Council opts to proceed with Option 2 for FY 2011, there would be one-time transitional costs for electricity in July through November. The Proposed FY 2011 budget only funds 3 months of electricity (assuming incandescent lights). The net electricity cost increase in FY 2011 of keeping the current incandescent lights on through November and then transitioning to an LED-light program for the future, would be approximately \$14,000. In FY 2012 and beyond, these incremental costs would go away and the annual program cost would be approximately \$73,300 in today's dollars.

	3 Months	6 Months*	12 Months*
Option 1 Total	\$66,000	\$123,150	\$205,300
Option 2 Total	\$66,000	\$69,650	\$87,300

* 6-month and 12-month programs assume the use of LED light strands

If City Council wishes to add funds to the FY 2011 budget to expand the Holiday Lights Program to 6 months, the “add” would be \$57,150 for Option 1 or \$3,650 for Option 2. To expand to a 12-month program the “add” would be \$139,300 for Option 1 or \$21,300 for Option 2.