

# Optimal costs for public illumination

Authorities more often choose *design, build, maintain, finance and operate (DBMFO)* constructions, hereby they leave more to the market. For the municipalities, S&G has developed a model for *partnership* on the area of public illumination. The contractor is responsible for the maintenance, development and financing. The contractor (or the financing company) is buying the public illumination, and maintains it for a fixed, average price, folded out over the life-time of the light masts.

With outsourcing, the communities have to take into account the fixed budget for public illumination. Because the community-expansion of public illumination has been realised intermittently, a replacement by bits and parts is also necessary. This will have an unwanted impact on the community finances.

Over the last years, many communities have economized on public illumination and we may speak of a significant arrears when it comes to replacing masts and armatures.

The contractor takes care for making up this arrear within a few years. Communities receive the "book value" of the public illumination (PI) in a *partnership*, so that no double costs will exist. Instead of a financial hole by investments arrears the community will receive money. A PI system is dynamical and it is necessary that it can be adjusted at any time. Just as the costs of the arrear in replacement investments, changes in the PI system will continually be financed over the lifespan of the PI system.

That is the reason why only limited fluctuations are to be expected in the tariffs which is only good for the municipal financial housekeeping.

The contractor takes up the position of partner in this agreement. In other words: the contractor intends to make the public illumination cheaper. Many options are available to do this. A critical look at the



replacement of the lamps by not replacing by new ones immediately at profile adjustments and the start of new technology. It is also possible to employ current "look alike" instead of precious masts and armatures that are not current and therefore expensive. Another option is to evaluate the assortment masts and armatures and to standardize it.

To apply these possibilities adequately, in this agreement the situations are described in which the contractor is authorized to do this without any consultation and in which situations consultation is necessary. The contractor takes up the position of municipal enterpriser. The investments that lead to savings, will be distributed over the lifespan, but eventually the tariffs must decrease by these developments. The "profits" that are gained by the contractor this way will be divided by the contractor and the concerned community. By a more efficient employment of people and material, less costs at the acquisition and purchasing cheaper, it is possible for the contractor to offer a sharp price. So communities will earn in several ways.

An adequate realisation of the above mentioned working construction is supported dynamically with the help of the LCC-AM/QM software of S&G and partners

**Do you wish more information about this subject, please contact S&G and partners.**

S&G en Partners  
Bijsterhuizen 11 60 B  
6546 AS Nijmegen, The Netherlands  
Tel: +31 24-6450006 Fax: +31 24-6424151  
info@sg-partners.nl; www.sg-partners.nl

