



## Legislation Text

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**File #:** 14-0682, **Version:** 1

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Resolution to Approve Purchase Agreement with DTE to Convert 223 Mercury Vapor Cobrahead Streetlights to LED (\$69,555.00/\$58,997.00 after rebates)

Detroit Edison Company (DTE) has a 2014 offering that follows a 2013 campaign that the City participated in (Resolution R-13-181) to convert DTE streetlights to LED. As with the campaign in 2013, the funding contribution for the conversion will be one-time, with DTE performing the installation of LED fixtures and also being responsible for all future maintenance and replacements of the fixtures. The City and DTE entered into a Master Agreement on June 17, 2013, that allows the City and DTE to enter into Purchase Agreements for additional streetlights and establishes the terms and conditions for the purchase, furnishing, installation, operation and maintenance of the streetlights, subject to modification by individual Purchase Agreements. The Purchase Agreements are attached as Exhibit A to the Master Agreement.

The streetlights to be converted consist of 223 mercury vapor luminaires, currently billed to the City at an annual cost of \$45,128.28. After conversion, the LEDs are anticipated (under current rates) to reduce this cost to \$30,910.13. The cost for the conversion is \$69,555.00 with rebates received upon completion totaling \$10,558.00, bringing the net cost after completion to \$58,997.00. The annual savings expected at current rates is \$14,218.15 resulting in a 4.1 year payback with future savings accumulating to the General Fund. To secure the company LED rebates, DTE requires a signed agreement by June 30, 2014. Funding for the conversion is available in the current approved FY 14 streetlight general fund operation and maintenance budget due to energy savings from previous LED conversions and reduced surcharges occurring in FY 14.

Prepared By: Nathan Geisler, Systems Planning

Reviewed By: Craig Hupy, Public Services Area Administrator

Approved By: Steven D. Powers, City Administrator

Whereas, The City is working with utility provider Detroit Edison Company (DTE) on emerging opportunities to save energy and costs for streetlights owned and maintained by DTE;

Whereas, DTE is running a limited 2014 rebate campaign for LED streetlights to replace conventional streetlights within customer areas and is reserving incentive dollars for participating cities, primarily for mercury vapor light replacement;

Whereas, DTE and the City have identified two hundred twenty-three (223) DTE fixtures for replacement with LED, with an estimated annual bill savings to the City General Fund after conversion of \$14,218.15;

Whereas, The City has converted over 1,900 City-owned and maintained streetlights to LED while DTE has piloted approximately 300 LED conversions in Ann Arbor; and

Whereas, Funding is available in the current approved FY 14 streetlight general fund operation and

maintenance budget due to energy savings from previous LED conversions;

RESOLVED, That City Council approve a Purchase Agreement with Detroit Edison Company for a purchase amount not to exceed \$69,555.00 to convert two hundred twenty-three (223) mercury vapor cobrahead streetlights to LED;

RESOLVED, That funding for the conversion from the FY 14 streetlight general fund operation and maintenance budget be used and made available without regard to fiscal year, with an intent to satisfy DTE's request for a signed agreement by June 30, 2014 to begin work; and

RESOLVED, That the Mayor and City Clerk be authorized and directed to sign the Purchase Agreement after approval as to substance by the City Administrator and approval as to form by the City Attorney.