



Legislation Text

File #: 10-0316, **Version:** 1

Resolution to Approve Contract with DTE Energy for LED Streetlight Pilot Project (\$41,267.00)
The attached resolution authorizes an agreement with DTE Energy for the conversion of fifty-eight (58) conventional streetlights to LED (Light-Emitting Diode) fixtures which will save the City \$5,594.00 annually and reduce annual greenhouse gas emissions by 13 metric tons CO₂-equivalent. The agreement covers the conversion of these streetlights to LED and a reduced rate for those streetlights for the duration of the agreement.

In 2008, a group of University of Michigan students raised safety concerns to the City about the streetlighting in the Hill Street-Packard Street-East University Avenue neighborhood. Meanwhile, city staff and DTE Energy staff have been looking for a location for a pilot LED streetlight project. This pilot project will provide DTE Energy an opportunity to compare perceptions of safety for conventional and LED streetlighting, while also reducing the City's streetlighting expenses. This is also an important step toward increased cooperation between the City and DTE on LED streetlights.

Costs for converting these streetlights are being shared 50/50 between the City and DTE Energy's Energy Optimization Program. Funding for the City's \$22,388.00 share is available in the FY2010 Approved Field Operations Street Lighting General Fund operations and maintenance budget. In addition to the initial contribution to construction costs, the City will pay a reduced annual charge of \$6,293.00 for the converted streetlights for the initial three-year term of the agreement, bringing the total contract amount to \$41,267.00.

After the initial three years, the contract continues month-to-month until:

- DTE and the City mutually agree to end the contract;
- DTE or the City has provided twelve (12) months written notice; or
- The Michigan Public Service Commission (MPSC) approves an applicable LED streetlight tariff.

After this contract is concluded, these streetlights will be charged according to the applicable streetlight tariff, as approved by the MPSC.

The annual charges for the converted streetlights are a reduction from \$11,887.00 to \$6,293.00 for an annual savings of \$5,594.00. This results in a four-year payback on the City's initial \$22,288.00 investment. While this payback is longer than the initial three-year contract term, Energy Office staff believes it is very likely that an appropriate LED streetlight tariff will be in place within the next three years, so that the savings on this investment will continue for the estimated ten-year life of the equipment.

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Reviewed By: Sue F. McCormick, Public Services Administrator

Approved By: Roger W. Fraser, City Administrator

Whereas, The City of Ann Arbor set ambitious renewable energy and climate protection goals at the May 1, 2006 City Council meeting in Resolution R-172-5-06;

Whereas, City staff have been actively pursuing reductions in General Fund Street Lighting expenses, including opportunities to work with DTE Energy to convert DTE-owned streetlights to LEDs;

Whereas, DTE Energy has offered to share costs on this pilot LED project, with the City's share yielding a four-year payback; and

Whereas, Funding is available in the FY2010 Approved Field Operations Street Lighting General Fund operations and maintenance budget;

RESOLVED, That the City Council approve the contract with DTE Energy to convert fifty-eight (58) streetlights in the Hill Street-Packard Street-East University Avenue neighborhood to LED;

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

RESOLVED, The City Administrator be authorized and directed to take the necessary administrative action to implement this resolution.