



## Legislation Text

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**File #:** 13-0553, **Version:** 2

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### Resolution to Approve Contract with DTE Energy for LED Streetlight Conversion and Rebate Participation (\$52,364.00)

As part of a campaign to replace mercury vapor streetlights within their municipal inventories, DTE has been working with City staff on an opportunity to convert 200 existing DTE owned and operated streetlights with LEDs. This opportunity takes advantage of limited time rebates offered as part of DTE's energy optimization (EO) program. DTE has nearly 900 mercury vapor lights among approximately 5,000 total streetlights it owns and operates within Ann Arbor. The City owns and operates over 2,000 additional streetlights which have been converted to high-efficiency, zero-mercury, LEDs.

While the upfront purchase of the LEDs is covered by the City, operation and maintenance thereafter falls to DTE for these 200 streetlights at a lower rate than what DTE currently charges the City for mercury vapor lights. The one-time cost of \$52,364.00 will earn rebates in 2013 of \$11,708.00 after installation, for a net project cost of \$40,656.00. Current annual DTE charges to the City for the existing 200 mercury vapor streetlights total around \$40,528 and on-going annual savings with the LED replacements estimate to \$12,737.80, for a simple payback of just over 3 years under current lighting rates, with savings garnered by the City continuing thereafter.

DTE has a ten-year warranty for the product and assumes total obligation going forward, including costs for any replacements within or beyond the ten-year period. DTE has currently limited the 2013 offer to 200 streetlights. The agreement between the City and DTE for these replacements must be signed by June 30, 2013 to reserve the \$13,578.00 rebate.

Given the anticipated short payback period, staff recommends that the funds for the 200 LEDs be from the Municipal Energy Fund.

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 (DTE) on emerging opportunities to save energy on streetlights owned and maintained by DTE;

Whereas, DTE is running a limited 2013 rebate campaign for LED streetlights to replace mercury vapor streetlights;

Whereas, DTE has identified 200 of their owned and maintained light fixtures for replacement with an estimated annual bill savings to the City of \$12,737.80, and a just over 3-year payback after purchase;

Whereas, The City has converted over 1,900 City-owned and maintained streetlights to LED while DTE has piloted approximately 100 LED conversions in Ann Arbor; and

Whereas, Funding is available in the FY13 Municipal Energy Fund budget for the purchase amount and rebates received from DTE Energy will be applied back to the Energy Fund;

RESOLVED, That the City Council approve a contract with DTE Energy and the purchase amount not to exceed \$52,364.00 to convert two hundred (200) mercury vapor streetlights in the city to LED;

RESOLVED, That this contract be funded from the FY13 Municipal Energy Fund budget and the funds be made available without regard to fiscal year;

RESOLVED, That rebates received from DTE Energy be applied back to the Municipal Energy Fund; and

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.