



CITY of NOVI CITY COUNCIL

**Agenda Item 13
June 17, 2019**

SUBJECT: Approval of a Street Light Purchase Agreement with Detroit Edison Company for the conversion of 363 DTE-owned street lights to LEDs throughout the city.

SUBMITTING DEPARTMENT: Department of Public Works, Engineering Division

CITY MANAGER APPROVAL: *PR*

EXPENDITURE REQUIRED	\$ 126,498.00	DTE Streetlight Conversion
	\$ 89,282.40	Streetlight Operations
AMOUNT BUDGETED	\$ 137,854	DTE Streetlight Conversion (FY 2019-20 Budget)
	\$ 152,000	Streetlight Operations (FY 2019-20 Budget)
APPROPRIATION REQUIRED	\$ 0	
LINE ITEM NUMBER	204-204.00-924.050	DTE Streetlight Conversion
	101-442.20-924.000	Streetlight Operations

BACKGROUND INFORMATION:

Working in collaboration with DTE Energy (Detroit Edison Company), this request is to convert 363 DTE-owned and maintained street lights into LEDs. After the conversion, 100% of the DTE-owned street lights in the city will be LED. LED lights are more energy efficient and last longer. This project aligns with City Council's goal to identify green/renewable energies for utilization in governmental operations. This project is approved in the FY 2019-20 budget; however, it is being presented now in order for DTE to start work after the fiscal year begins.

The lighting inventory that will be converted to LEDs is broken down follows:

Overhead (OH) – DTE-Owned and Maintained Street Lights on Wood Poles:

- 66 175 watt Mercury Vapor to 58 watt LED
- 5 175 watt Mercury Vapor to 80 watt LED
- 1 250 watt Mercury Vapor to 136 watt LED
- 6 400 watt Mercury Vapor to 136 watt LED
- 53 100 watt Mercury Vapor to 58 watt LED
- 19 250 watt High Pressure Sodium to 136 watt LED
- 1 400 watt High Pressure Sodium to 238 watt LED
- 1 100 watt High Pressure Sodium to 80 watt LED

Underground (UG) – DTE-Owned and Maintained Street Lights on Metal/Fiberglass Posts:

- 16 175 watt Mercury Vapor to 58 watt LED
- 3 400 watt Mercury Vapor to 136 watt LED
- 28 100 watt High Pressure Sodium to 58 watt LED
- 62 250 watt High Pressure Sodium to 136 watt LED
- 14 400 watt High Pressure Sodium to 238 watt LED
- 70 100 watt High Pressure Sodium to 72 watt LED
- 6 100 watt High Pressure Sodium to 39 watt LED
- 12 400 watt Metal Halide to 174 watt LED

The City would be required to pay 87% of the construction costs for the conversion; however, the annual operating costs would drop 25%, which equates to a savings of approximately \$24,085 annually. The City's share of the project is estimated to be paid back within four years due to the operating savings.

In order to facilitate installation of the street lights, DTE Energy is requesting approval and execution of the attached Purchase Agreement. The DTE Energy agreement requires the City to pay the total retrofit cost of \$126,498 and an ongoing annual lamp charge of \$89,282.40 for the operation and maintenance of the street lights.

The proposed agreement has been reviewed and is recommended for approval by Engineering staff and the City Attorney (Beth Saarela, June 4, 2019).

RECOMMENDED ACTION: Approval of a Street Light Purchase Agreement with Detroit Edison Company for the conversion of 363 DTE-owned streetlights to LEDs throughout the city.

ELIZABETH KUDLA SAARELA
esaarela@rsjalaw.com

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ROSATI | SCHULTZ
JOPPICH | AMTSBUECHLER

June 4, 2019

George Melistas, Senior Engineering Manager
City of Novi
Field Services Complex
26300 Lee BeGole Drive
Novi, Michigan 48375

Re: *City of Novi – DTE LED Streetlight Conversions*

Dear Mr. Melistas:

We have received and reviewed the standard Purchase Agreement for the installation of 363 LED replacement street lights throughout the City. The Purchase Agreement incorporates the terms of the Master Agreement between the City and DTE dated September 16, 2013. We have the following comments regarding the Agreements below.

Master Agreement and Purchase Agreement

The Master Agreement for Municipal Street Lighting (“Master Agreement”) and corresponding Purchase Agreement are standard form agreements prepared by DTE Energy for use in projects for installation and maintenance of new street lighting. The Master Agreement controls the terms of installation and maintenance, generally, such as terms of payment, rates, maintenance responsibilities, term, liability, warranties and general contract provisions, including such things as choice of law and notices.

The Purchase Agreement includes the more specific information relating to each particular project, including total estimated project cost, project location, project specifications, and special order information.

The City should be aware that the cost provided in the Purchase Agreement is an estimate and may increase based upon conditions found underground at the time of construction, pursuant to the Master Agreement.

Subject to your review and approval of the Location map for the project, the terms of the Master Agreement and Purchase Agreement, generally are acceptable and are in part, subject to rates and other rules imposed by the Michigan Public Services Commission.

Please feel free to contact me with any questions or concerns in regard to this matter.

George Melistas, Senior Engineering Manager
City of Novi
June 4, 2019
Page 2

Very truly yours,

ROSATI SCHULTZ JOPPICH
& AMTSBUECHLER PC



Elizabeth Kudla Saarela

EKS

Enclosures

C: Cortney Hanson, Clerk (w/Enclosures)
Jeffrey Herczeg, Public Works Director (w/Enclosures)
Rebecca Runkel, Engineering Technician (w/Enclosures)
Thomas R. Schultz, Esquire (w/Enclosures)



June 2, 2019

City of Novi
26300 Lee BeGole Dr
Novi, MI 48375
Attn: Jeff Herczeg

Re: City of Novi- DTE LED Streetlight Conversions

Attached is the agreement for the work to be performed in the budget letter was sent on May 30, 2019. A detailed description of the project is outlined in the agreements. Please print **TWO** copies. Please sign **BOTH** copies in the designated areas. A check in the amount of **\$126,498.00** is also required at this time. Please return **BOTH** signed agreements (as well as check or Purchase Order...made payable to **DTE Energy**) to the following address:

DTE Energy
8001 Haggerty Rd.
Belleville, MI 48111
140 WWSC-Brandon Faron

Upon receipt of BOTH signed copies (and payment), we (DTE Energy) will then sign BOTH copies and return ONE original back to you.

Please call if you have questions, 734-397-4017.

Sincerely,

Brandon R. Faron

Brandon R. Faron
Account Manager
Community Lighting

Exhibit A to Master Agreement


Purchase Agreement

This Purchase Agreement (this "Agreement") is dated as of June 2, 2019 between DTE Electric Company ("Company") and the City of Novi ("Customer").

This Agreement is a "Purchase Agreement" as referenced in the Master Agreement for Municipal Street Lighting dated September 16, 2013 (the "Master Agreement") between Company and Customer. All of the terms of the Master Agreement are incorporated herein by reference. In the event of an inconsistency between this Agreement and the Master Agreement, the terms of this Agreement shall control.

Customer requests the Company to furnish, install, operate and maintain street lighting equipment as set forth below:

1. DTE Work Order Number:	51068163	
	If this is a conversion or replacement, indicate the Work Order Number for current installed equipment: N/A	
2. Location where Equipment will be installed:	Various locations within the City of Novi, as more fully described on the map attached hereto as <u>Attachment 1</u> .	
3. Total number of lights to be installed:	363	
4. Description of Equipment to be installed (the " <u>Equipment</u> "):	<p><u>Overhead Fed Streetlights on Wood Poles:</u> 66-175w Mercury Vapor to 58w LED 5-175w Mercury Vapor Span Light to 80w LED Span Light 1-250w Mercury Vapor to 136w LED 6-400w Mercury Vapor to 136w LED 52-100w High Pressure Sodium to 58w LED 19- 250w High Pressure Sodium to 136w LED 1-400w High Pressure Sodium to 136w LED 1- 100w High Pressure Sodium Span Light to 80w LED Span Light</p> <p><u>Underground Fed Streetlight on Metal/Fiberglass Posts:</u> 16-175w Mercury Vapor to 58w LED 3-400w Mercury Vapor to 135w LED 28-100w High Pressure Sodium to 58w LED 62-250w High Pressure Sodium to 136w LED 14-400w High Pressure Sodium to 136w LED 70-100w High Pressure Sodium Colonial to 72w LED Colonial 1-400w Metal Halide Mongoose (SOM) to 255w LED Mongoose (SOM) 6- 100w High Pressure Sodium Granville to 39w LED Granville 12-400w Metal Halide teardrop (SOM) to 174w LED teardrop (SOM) with green finish.</p>	
5. Estimated Total Annual Lamp Charges	\$89,282.40	
6. Computation of Contribution in aid of Construction (" <u>CIAC Amount</u> ")	Total estimated construction cost, including labor, materials, and overhead:	\$126,498.00
	Credit for 3 years of lamp charges:	\$0.00
	CIAC Amount (cost minus revenue)	\$126,498.00
7. Payment of CIAC Amount:	Due promptly upon execution of this Agreement	
8. Term of Agreement	5 years. Upon expiration of the initial term, this Agreement shall continue on a month-to-month basis until terminated by mutual written consent of the parties or by either party with thirty (30) days prior written notice to the other party.	

9. Does the requested Customer lighting design meet IESNA recommended practices?	(Check One) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO If "No", Customer must sign below and acknowledge that the lighting design does not meet IESNA recommended practices _____ 
10. Customer Address for Notices:	City of Novi 26300 Lee BeGole Dr Novi, MI 48375 Attn: Jeff Herczeg

11. Special Order Material Terms:

All or a portion of the Equipment consists of special order material: (check one) YES NO

If "Yes" is checked, Customer and Company agree to the following additional terms.

A. Customer acknowledges that all or a portion of the Equipment is special order materials ("SOM") and not Company's standard stock. Customer will purchase and stock replacement SOM and spare parts. When replacement equipment or spare parts are installed from Customer's inventory, the Company will credit Customer in the amount of the then current material cost of Company standard street lighting equipment.

B. Customer will maintain an initial inventory of at least 0 posts and 2 luminaires (One LED Teardrop with Green Finish and One LED Mongoose) and any other materials agreed to by Company and Customer, and will replenish the stock as the same are drawn from inventory. Costs of initial inventory are included in this Agreement. The Customer agrees to work with the Company to adjust inventory levels from time to time to correspond to actual replacement material needs. If Customer fails to maintain the required inventory, Company, after 30 days' notice to Customer, may (but is not required to) order replacement SOM and Customer will reimburse Company for such costs. Customer's acknowledges that failure to maintain required inventory could result in extended outages due to SOM lead times.

C. The inventory will be stored at 26300 Lee BeGole Dr (DPS Facility). Access to the Customers inventory site must be provided between the hours of 9:00 am to 4:00 pm, Monday through Friday with the exceptions of federal Holidays. Customer shall name an authorized representative to contact regarding inventory: levels, access, usage, transactions, and provide the following contact information to the Company:

Name: Jeff Herczeg Title: Dir. Public Services

Phone Number: 810-735-5606 Email: jherczeg@cityofnovi.org

The Customer will notify the Company of any changes in the Authorized Customer Representative. The Customer must comply with SOM manufacturer's recommended inventory storage guidelines and practices. Damaged SOM will not be installed by the Company.

D. In the event that SOM is damaged by a third party, the Company may (but is not required to) pursue a damage claim against such third party for collection of all labor and stock replacement value associated with the damage claim. Company will promptly notify Customer as to whether Company will pursue such claim.

E. In the event that SOM becomes obsolete or no longer manufactured, the Customer will be allowed to select new alternate SOM that is compatible with the Company's existing infrastructure.

F. Should the Customer experience excessive LED equipment failures, not supported by LED manufacturer warranties, the Company will replace the LED equipment with other Company supported Solid State or High Intensity Discharge luminaires at the Company's discretion. The full cost to complete these replacements to standard street lighting equipment will be the responsibility of the Customer.

Company and Customer have executed this Purchase Agreement as of the date first written above.

Company:

DTE Electric Company

By: _____

Name: _____

Title: _____

Customer:

City of Novi

By: _____

Name: _____

Title: _____

