



**CITY of NOVI CITY COUNCIL**

**Agenda Item 1  
June 19, 2017**

**SUBJECT:** Approval of a Street Light Purchase Agreement with DTE Energy for the installation and ongoing operation costs of 22 street lights near twelve intersections throughout the City of Novi to enhance intersection safety as part of the 2017 Novi Intersection Improvements project.

**SUBMITTING DEPARTMENT:** Department of Public Services, Engineering Division GDM

**CITY MANAGER APPROVAL:** *[Signature]*

<b>EXPENDITURE REQUIRED</b>	<b>\$ 64,668.32 (Street Light Installations)</b> <b>\$ 5,844.16 (Street Light Operating Costs)</b> <b>\$ 70,512.48 TOTAL</b>
<b>AMOUNT BUDGETED</b>	<b>\$20,000.00 FY 2016-17 Rollover Budget (Street Light Installations)</b> <b>\$60,000.00 FY 2017-18 Budget (Street Light Installations)</b> <b>\$152,000.00 FY 2017-18 Budget (Street Light Operating Costs)</b>
<b>LINE ITEM NUMBER</b>	<b>101-442.10-924.050 (Street Light Installations)</b> <b>101-442.20-924.000 (Street Light Operating Costs)</b>

**BACKGROUND INFORMATION:**

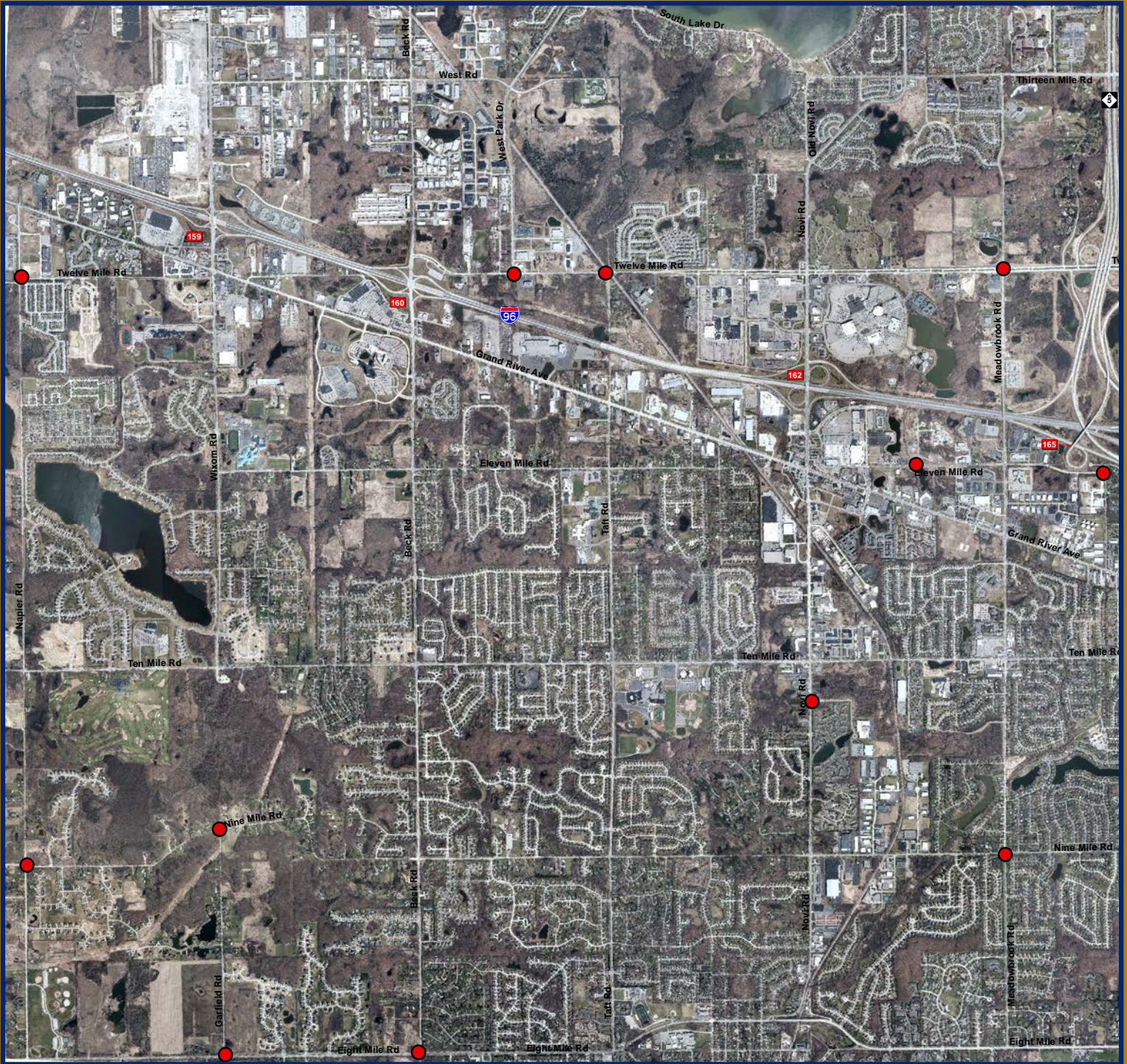
The City of Novi's Department of Public Services (DPS) has recently identified twelve intersections that would benefit from overhead lighting. DTE Energy's attached proposal enhances intersection safety by adding 22 new LED lights. The costs shown in the DTE Energy proposal are based upon the Option 1 Municipal Street Light Rate, where DTE Energy installs, owns, and maintains the lighting system. The rate requires a portion of the construction cost to be paid by the City of Novi which is in the amount of \$82,200.80. As part of this project, DTE Energy will issue a 3-year revenue credit to the City in the amount of \$17,532.48. Therefore, the total contribution from the City of Novi for this project will be in the amount of \$64,668.32.

In order to facilitate installation of the street lights, DTE Energy is requesting approval and execution of the attached Purchase Agreement. The Detroit Edison agreement requires the City to pay the total installation cost of \$64,668.32 and an ongoing annual operating cost of \$5,844.16 for operation and maintenance of the street lights. As with all other street light installations the City pays DTE directly. The agreement has been reviewed and recommended for approval by Engineering staff and the City Attorney.

**RECOMMENDED ACTION:** Approval of a Street Light Purchase Agreement with DTE Energy for the installation and ongoing operation costs of 22 street lights near twelve intersections throughout the City of Novi to enhance intersection safety as part of the 2017 Novi Intersection Improvements project.



# 2017 Intersection Improvements DTE Street Light Installation Location Map



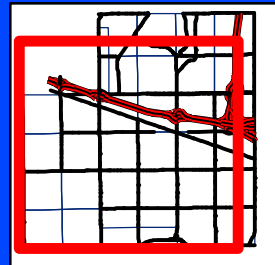
Map Author: J. Mathias  
Date: 06/5/2017

Project:  
Version #:  
Amended By:  
Date:  
Department:

**MAP INTERPRETATION NOTICE**

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map.

**Proposed Street Light  
Installation Locations**



**City of Novi**  
Engineering Division  
Department of Public Services  
26300 Lee BeGole Drive  
Novi, MI 48375  
cityofnovi.org

Feet  
0 750 1,500 3,000 4,500  
1 inch = 3,833 feet







June 2, 2017

City of Novi  
 Attn: George Melistas  
 26300 Lee BeGole Drive  
 Novi, MI 48375

Re: Proposed Street Lighting – 2017 Novi Intersection Improvements

We have completed our review of your request for street lighting and have prepared a cost estimate for the installation of 22 new street lights. Street light locations are based on our recent meeting at your offices. The estimate assumes overhead fed stock Autobahn LED fixtures mounted on steel arms attached to existing or new wood poles. If an existing wood pole is not available for installation of a street light or installation of a new wood pole is not practical, DTE assumes a stock 30' black direct buried fiberglass pole with a stock black Autobahn LED fixture. The street light fixture wattage varies between either 135 watt LED and 280 watt LED depending on location. Please see attached preliminary sketches by location to provide further detail.

The costs are based on the Option 1 Municipal Street Light rate, where DTE Energy installs, owns, and maintains the lighting system. The rate requires a portion of the construction cost be paid by the customer, which is determined by the following formula.

**22 Street Light fixtures mounted on 22 Poles (11 Overhead fed & 11 Ornamental Underground fed)**

Annual Operating Cost	\$5,844.16
Cost to construct	\$82,200.80
Three year revenue credit	(\$17,532.48)
<b>Contribution from City of Novi</b>	<b>\$64,668.32</b>

The price quoted shall be in effect for a period of six months from the date of this letter, after which these costs will no longer be valid. After installation the total cost for additional modification, relocation or removal will be the responsibility of the requesting party. Payment for the customer contribution must be made prior to the actual start of construction.

Please contact me for a Street Lighting Purchase Agreement if you would like to proceed with the above installations. Feel free to contact me with any questions at 734-397-4188.

Regards,

*Lance Alley*

Lance Alley  
 Account Manager  
 DTE Energy - Community Lighting

Priority Order	Work Order	Description	WO Status	Proposed Lighting (OH or UG)	Fixture Wattage	# of Lights Recommended	Cost Estimate
1	47771171	11 Mile & Seeley - City of Novi	WAPPR	OH	135W	1	\$887.00
2	47771216	9 Mile & Meadowbrook - City of Novi	WAPPR	UG	280W	3	\$13,640.31
3	47771234	11 Mile & Lee Begole - City of Novi	WAPPR	UG	135W	1	\$6,148.15
4	47771258	8 Mile & Beck - City of Novi	WAPPR	OH	135W	1	\$2,030.54
5	47771291	12 Mile & Meadowbrook - City of Novi	WAPPR	OH & UG	280W	6	\$21,726.71
6	47771309	12 Mile & Napier - City of Novi	WAPPR	UG	135W	1	\$7,970.44
7	47771340	12 Mile & West Park Dr - City of Novi	WAPPR	UG	280W	2	\$8,224.29
8	47771356	12 Mile & Taft - City of Novi	WAPPR	OH	135W	1	\$3,426.97
9	47771381	8 Mile & Garfield - City of Novi	WAPPR	OH	135W	1	\$5,059.30
10	47771422	Novi & Nick Lidstrom Dr - City of Novi	WAPPR	OH & UG	135W	3	\$6,105.91
11	47771447	9 Mile & Napier - City of Novi	WAPPR	OH	135W	1	\$1,843.83
12	47771465	9 Mile & Garfield - City of Novi	WAPPR	OH	135W	1	\$2,887.35

Total = 22

Total = \$79,950.80 + RCOC Permit Costs



JOHNSON ROSATI SCHULTZ JOPPICH PC

27555 Executive Drive Suite 250 ~ Farmington Hills, Michigan 48331  
Phone: 248.489.4100 | Fax: 248.489.1726

Elizabeth Kudla Saarela  
esaarela@jrsjlaw.com

www.jrsjlaw.com

June 12, 2017

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

**Re: DTE Energy - Purchase Agreement for 2017 Novi Intersection Improvements**

Dear Mr. Melistas:

We have received and reviewed the Purchase Agreement for Municipal Street Lighting (Work Order 47742546) for the installation of 12 street lights at various intersections throughout the City. The Purchase Agreement is a standard form agreement prepared by The Detroit Edison Company ("DTE") for use in projects for installation and maintenance of new street lighting. It references and incorporates the terms of the Master Agreement for Municipal Street Lighting entered into between the City and DTE Energy on March 4, 2013, 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 terms of the Master Agreement apply to each Purchase Agreement for individual projects. The Master Agreement was previously revised to satisfactorily address an issue we raised with the liability provisions in the Agreement.

The Purchase Agreement and Master Street Lighting Agreement **are in DTE's standard format** and we see no legal impediment to approval of the agreements.

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

George Melistas, Senior Engineering Manager

June 12, 2017

Page 2

Very truly yours,

JOHNSON, ROSATI, SCHULTZ & JOPPICH, P.C.



Elizabeth Kudla Saarela

EKS

Enclosures

C: Cortney Hanson, Clerk (w/Enclosures)  
Joey Mathias, Graduate Engineer (w/Enclosures)  
Thomas R. Schultz, Esquire (w/Enclosures)


**Exhibit A to Master Agreement**

**Purchase Agreement**

This Purchase Agreement (this "Agreement") is dated as of June 6, 2017 between The Detroit Edison Company ("Company") and 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:	47742546	
	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:	12 various intersection locations in City of Novi, as more fully described on the maps attached hereto as <u>Attachment 1</u> .	
3. Total number of lights to be installed:	22	
4. Description of Equipment to be installed (the " <u>Equipment</u> "):	<u>Overhead (OH)</u> Install (8) – 135watt and (3) – 280watt stock Autobahn LED fixtures with black housings mounted on existing or new wood poles.	
	<u>Underground (UG)</u> Install (3) – 135watt and (8) – 280watt stock Autobahn LED fixtures with black housings mounted on stock black 30' direct buried fiberglass poles.	
5. Estimated Total Annual Lamp Charges	\$5,844.16	
6. Computation of Contribution in aid of Construction (" <u>CIAC Amount</u> ")	Total estimated construction cost, including labor, materials, and overhead:	\$82,200.80
	Credit for 3 years of lamp charges:	\$17,532.48
	<b>CIAC Amount (cost minus revenue)</b>	<b>\$64,668.32</b>
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 <b>Signature:</b> 	
10. Customer Address for Notices:	City of Novi 26300 Lee BeGole Dr Novi, MI 4837 Attn: George Melistas	

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 N/A posts and N/A luminaires 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 acknowledges that failure to maintain required inventory could result in extended outages due to SOM lead times.

C. The inventory will be stored at                     N/A                    . 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:                     N/A                     Title:                     N/A                      
Phone Number:           N/A           Email:                     N/A                    

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.



12. Experimental Emerging Lighting Technology ("EELT") Terms:

All or a portion of the Equipment consists of EELT: (check one)  YES  NO

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

A. The annual billing lamp charges for the EELT equipment has been calculated by the Company are based upon the estimated energy and maintenance cost expected with the Customer's specific pilot project EELT equipment.

B. Upon the approval of any future MPSC Option I tariff for EELT street lighting equipment, the approved rate schedules will automatically apply for service continuation to the Customer under Option 1 Municipal Street Lighting Rate, as approved by the MPSC. The terms of this paragraph B replace in its entirety Section 7 of the Master Agreement with respect to any EELT equipment purchased under this Agreement.

\*\*\*\*\*

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

Company:

Customer:

The Detroit Edison Company

City of Novi

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**Attachment 1 to Purchase Agreement**

**Map of Location**

[To be attached]