

March 10, 2015 mtg.

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Memorandum

To: Scott Adkins, City Manager
From: Paul VanDamme, Purchasing Assistant
Date: March 4, 2015
Re: **Janitorial Cleaning Services Renewal**
Bid # 101-011301

Bid Approved. March 26, 2013

American Cleaning, LLC contract renewal for 2015 janitorial and cleaning services must be approved by Council. The original award was for one (1) year contract with the option of three (3) renewals in one year increments based upon satisfactory performance as determined by the City of Roseville. This will be second contract renewal of three.

The amount of the renewal is \$71,448 for the yearly cleaning of City buildings and SERESA.

American Cleaning, LLC has performed work in a satisfactory manner for the City of Roseville for the past year. American Cleaning has agreed to maintain their pricing for the next year starting May 2015.

Therefore, it is recommended that the City renew the bid for **American Cleaning, LLC** in the amount of **\$71,448** for the Janitorial Cleaning Services Contract. Should you have any questions, please contact my office.

Attachments

AMERICAN CLEANING

CITY OF ROSEVILLE

Purchasing Assistant

Mr. Paul VanDamme

29777 GRATION AVE

Roseville, MI 48066

March 5, 2015

Dear Mr. VanDamme,

It has been a pleasure to serve CITY OF ROSEVILLE, we look forward to continuing business with you in the future.

As you may know, to better serve you and keep your beautiful office-building look always nice and clean frequent additional services are a necessity. Since American Cleaning Company LLC is being asked to perform work.

Our first aim is to please our customers.

We are confident you will continue to be pleased with our superior services. We look forward to continued business together.

Sincerely,

Brisida T. Bibashani
Owner



Southeast Michigan Street Lighting Coalition



Municipalities can cut their electricity bills, save energy, reduce environmental impact and improve public safety by retrofitting streetlights with high-efficiency LED fixtures.

Under existing DTE Energy street lighting tariffs, municipalities can reduce energy use 50% on average and recoup the costs of converting to LED in 3 – 5 years.

Unfortunately, DTE Energy recently proposed new street lighting tariffs that would sharply reduce, and in some cases eliminate, the cost advantage of LED streetlights compared to the older high-pressure sodium technology. The proposed increases to LED streetlight tariffs would also lengthen the payback period on recently completed LED conversions, which municipalities undertook based upon financial projections provided by DTE Energy using the existing tariffs.

The **Southeast Michigan Street Lighting Coalition**, including over a dozen local governments, has intervened in the Michigan Public Service Commission (MPSC) rate case filed by DTE Energy to challenge the basis of the proposed street lighting tariffs and to seek implementation of tariffs that reward energy efficiency.

To send a powerful message requesting relief from the MPSC and to encourage DTE Energy to negotiate a more favorable agreement for cities to convert to LED street lighting, municipalities throughout the DTE Energy service region are invited to join the intervention.

INTERVENORS

Ann Arbor
 Belleville
 Dearborn
 Eastpointe
 Harper Woods
 Huntington Woods
 Lincoln Park
 Royal Oak
 Southgate
 St. Clair Shores
 Warren
 Ypsilanti
 Michigan Townships Association

Join the Southeast Michigan Street Lighting Coalition intervention in MPSC rate case U-17767

For more information, and to join the MPSC rate case as an Intervenor, please contact Energy Programs Manager, Jennifer Young at jennifer@regionalenergyoffice.org or (866) 960-8803, ext. 712. The Discovery process begins in April; please contact us by **Friday, March 13th**.

When you join us, we'll help you to:

- **Sign on** as an Intervenor in rate case U-17767 before the MPSC ;
- Pass a **resolution** in support for your municipality; and
- Sign our **Memorandum of Understanding** that solidifies your participation.

Intervenors will be requested to contribute to Coalition costs allocated according to their count of DTE-owned streetlights.



To: Members of the Southeast Michigan Street Lighting Coalition

From: Rick Bunch
Director, Street Lighting Consortium
Southeast Michigan Regional Energy Office

Date: March 4, 2015

Re: Plan and Budget for Southeast Michigan Street Lighting Coalition

The Southeast Michigan Street Lighting Coalition (“Coalition”), with leadership of municipalities that have been participating in the Municipal Street Lighting Consortium since 2014, has approved a work plan intended to support municipalities in accelerating conversion of streetlights to light-emitting diode (LED) technology at feasible conversion and operating costs.

The work plan has four primary elements. First, the Southeast Michigan Regional Energy Office (SEMREO) will manage the work of legal counsel and experts to intervene in the Michigan Public Service Commission (MPSC) case U-17767 and advocate tariffs that will provide continued financial incentives for municipalities to convert streetlights to more efficient and effective technologies such as LED. Second, SEMREO will manage an expert analysis of the cost-effectiveness of street lighting services provided by DTE Energy and the feasibility of alternatives, including municipally-owned and/or managed street lighting. SEMREO will also direct discussions with DTE Energy intended to create an overall agreement for conversion of municipal street lighting to LED on an accelerated timeline and at feasible costs, which might allow for quicker resolution of concerns with DTE’s MPSC rate case.

The Coalition’s Legal Counsel before the MPSC is John Liskey, who is an experienced rate-case attorney with notable success representing residential rate payers. Mr. Liskey also has 20 years experience working on utility rate cases in the state Attorney General’s office and is able to bring long-standing relationships with staff in the AG’s office and MPSC to this effort. Mr. Liskey is assisted by Connie Groh, another attorney with rate-case expertise; Douglas Jester, a leading expert on utility cost-allocation and cost-recovery issues and former mayor of East Lansing; and Bob Nelson, a former MPSC Commissioner. In addition, the Coalition expects to retain other experts in tariffs, energy efficiency, energy optimization, street lighting technology and operations, who can provide analysis and testimony to MPSC in support of our positions.

UHY Advisors has been retained to analyze expenses of municipalities served by DTE-owned streetlights, in comparison to cities that provide their own street lighting services. This analysis will inform the MPSC rate case by establishing the reasonableness of DTE’s cost claims, technology choices, operations and maintenance processes and cost-allocation methods; and will illuminate the feasibility of alternatives to DTE-owned and –managed municipal street lighting services. UHY will initially conduct financial case studies of several southeast Michigan municipalities that have varying sizes, street lighting technologies and proportions of DTE and municipal streetlight ownership.

Greenlark Energy Partners, led by James Croce, has been retained as general consultant to the Coalition. Mr. Croce is an expert on energy efficiency, renewable energy and energy technology. Jim founded Next Energy in 2002 to drive advanced energy investment and job creation in Michigan. Mr. Croce and his team will coordinate work of the other consultants and advise SEMREO on our negotiations with DTE, with the objective of creating a more satisfactory and quicker agreement than the MPSC process might generate. Greenlark will also compile and analyze the work of the legal, regulatory and financial consultants to produce a recommendation for the optimal structure and management of municipal street lighting services.

The law firm of Johnson, Rosati, Schultz and Joppich has been retained on an hourly basis to provide general organizational legal services to the Coalition, for example to create a Memorandum of Understanding that establishes rights and responsibilities of Coalition members. However, Southgate City Manager Brandon Fournier will provide pro bono legal services as much as he can, and we will call on Johnson, Rosati only for services that Mr. Fournier cannot provide.

SEMREO staff will provide support to the various consultants, lead negotiations with DTE and manage the Coalition.

Budget

\$20,000	MPSC legal team – Liskey PLLC
\$10,000	Additional experts for MPSC intervention
\$15,000	Analysis of street lighting expenses and alternatives – UHY Advisors
\$10,000	General consultant – Greenlark
\$2,500	General Coalition counsel – Johnson, Rosati
<u>\$20,652</u>	<u>SEMREO incremental staffing and operating expenses through June</u>
\$78,152	Total

Allocation of expenses to participating municipalities

Municipalities are asked to contribute to the budget in proportion to how many DTE-owned streetlights they have, reflecting what they have at stake in the establishment of tariffs for those fixtures. Several contribution tiers have been defined:

DTE-owned streetlights	Payment
>0	\$1,000
>999	\$2,500
>1999	\$5,000
>3999	\$10,000
>7999	\$16,000

Municipally owned streetlights are not included in this count because they are billed under an electricity-only tariff for which DTE Energy has proposed much smaller changes.

Participation

Communities may choose to participate using whatever process they choose. Some municipalities have brought resolutions and budget authorizations before the city council; in other cases the city manager has decided. Municipalities, and others, that return a duly authorized Memorandum of Understanding to SEMREO and contribute their share to the Coalition budget will receive rights to participate in Coalition decision making as described in the MOU.

Enclosures:

- Street Lighting Coalition One-Pager
- MPSC U-17767 Intervention Sample Resolution
- Memorandum of Understanding



Southeast Michigan Street Lighting Coalition Memorandum of Understanding

It is the purpose of this Street Lighting Coalition Memorandum of Understanding (hereinafter the "Agreement") to set forth the composition, duties, and responsibilities of the Coalition (hereinafter the "Coalition") which was formed as more particularly described below, for the management and control of our collective efforts before Michigan Public Service Commission (MPSC) ("rate case").

I. HISTORY

In December 2014 DTE Energy filed a rate case for review by the Michigan Public Service Commission (MPSC) that included a new fee structure for municipal street lighting. A rate case is a regulatory procedure by which the MPSC evaluates the fairness and appropriateness of proposed rates and tariffs on an annual basis. The proposed tariff appears to significantly increase rates for LED lights and reduce the rates for less efficient high pressure sodium (HPS) lamps. In the past five years, many communities across the state have, mostly at their own expense, upgraded or planned to upgrade their outdated lights to the newest, most efficient technology (LED) to save money and reduce their environmental impact. The proposed new tariff threatens to dramatically reduce the savings communities have planned for in developing these projects. The Communities (together referred to as "Members") have agreed that intervening in the case as a coalition will increase the parties' individual and collective capacity to secure fair and favorable rates for the installation and operation and maintenance of municipal street light facilities.

II. COMMITTEE

1. Term. This Agreement shall remain in effect for a period of two (2) years. However, any Member may terminate its participation in the Coalition at any time, by giving written notice to the Coalition of the termination. The notice must specify the effective date of termination at least 60 days prior to its occurrence. The Coalition will continue to operate until fewer than two communities are participating.
2. Composition. The Coalition shall consist of the Mayor, City Manager, City Administrator, Township Supervisor or other elected official or their designee, of each Community as selected by that Community. Each Community shall also select an alternate. The Coalition shall also consist of the Chairman of the Board of Directors of the Southeastern Michigan Regional Energy Office (hereinafter "SEMREO") or his designee, and an alternate; The General Counsel of the Michigan Municipal League (hereinafter "MML") or his designee, and the Director of the Michigan Township Association (hereinafter "MTA") or his designee. The Community shall be entitled to one representative as set forth above in attendance at each meeting of the Coalition, provided, however, that other representatives of the Communities may attend and participate in discussions at meetings of the Coalition. The Coalition shall annually elect, by majority vote, a Chairperson, Vice-Chairperson and a Secretary to serve for a term of 1 year.

3. Coalition Meetings. The Coalition shall meet at designated times and locations mutually convenient to the greatest extent possible for all representatives. It is anticipated that regular meetings of the Coalition shall occur not more often than monthly. Agendas will be distributed and circulated at least twenty-four (24) hours in advance of all meetings to all representatives of the Coalition by the Director of SEMREO. A member of the Coalition or of a committee designated by the Coalition may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting conducted in this fashion constitutes presence in person at the meeting.
4. Responsibilities. The Coalition shall be responsible for the overall policy and strategy of the MPSC rate case and issues related thereto. To the greatest extent possible, as allowed by applicable law, all decisions by the Committee shall be final. The Committee's responsibilities shall include, by way of example and not limitation the following:
 - a. Approval of the operational budget.
 - b. Approval of all contracts for consultants, legal representation, and accounting services.
 - c. Review and approval of any proposed settlement with DTE Energy.
 - d. Community Assessment costs that shall be made to each Community upon their participation in the Coalition. Any rates and charges specified in any such schedule shall be subject to adjustment by the Coalition.
 - e. SEMREO shall generate the bills and collect the revenues for the operational costs of the Coalition. Such bills shall be payable monthly or quarterly as shall be determined by the Coalition.
 - f. Dispute Resolution.
5. Voting. Each representative shall have one vote on each matter voted upon by the Coalition; provided however, that the Coalition representatives shall use their best efforts to arrive at a consensus on all matters considered by the Coalition. A quorum constituting a majority of the voting representatives of the Coalition shall be required to conduct business. The duties set forth may be exercised by majority vote of the representatives of the Coalition present at any meeting in which there is a quorum, except for the amendment of this Agreement or for the requirement of a revenue assessment 2/3's of the representatives of the Coalition present shall be required, together with any other approvals which may be required by law.
6. Coalition Executive Committee Meeting and Duties. The Coalition Executive Committee shall comprise four (4) Coalition Community member's representatives or their alternates and the Chairman of the Board of Directors of SEMREO or his designee. Community members shall be selected by a majority vote of the full Coalition. The Coalition Executive Committee shall meet on an as-needed basis between regularly scheduled meetings of the Coalition. Three members of the Coalition Executive Committee shall constitute a quorum. Notice of all Coalition Executive Committee meetings shall be given to all Coalition members at least one

(1) business day prior to its meeting. The Coalition Executive Committee shall perform the responsibilities of the Coalition as may be necessary between regularly scheduled meetings of the Coalition. The Coalition Executive Committee may call special meetings of the Coalition on two (2) business day's prior notice. The Executive Committee may exercise all powers and authority of the Coalition between meetings including the approval of expenditures less than \$5,000, and tactical decisions, consistent with the Coalition's policy and strategy decisions, before the MPSC rate case of a time sensitive nature.

7. Subcommittees. The Coalition may establish such sub-committees including, as the Coalition deems appropriate.

III. CASE OVERSIGHT

SEMREO shall be responsible for managing the daily activities and responsibilities associated with the rate case as may be directed by the Coalition consistent with all applicable law. It is acknowledged that SEMREO may be compensated by the Coalition for the performance of these duties. SEMREO's responsibilities concerning the rate case will include, but shall not be limited to:

1. Administration: SEMREO will schedule, provide notice and keep minutes of Coalition and Executive Committee meetings; maintain Coalition documents and records; and provide general administrative support to the Coalition.
2. Finance: SEMREO will serve as the fiduciary for the Coalition, receiving all funds, processing all invoices and requests for expenditures, and maintaining the accounts of the Coalition.
3. Contract Management: SEMREO will develop and oversee contracts with outside parties for work on behalf of the Coalition.
4. Research: SEMREO will support the Coalition's research needs to ensure the success of the rate case, which may include collecting data from communities, preparing background for depositions, or preparing expert witnesses in collaboration with legal counsel.

Communications and Outreach: SEMREO will maintain regular communications with members and partners on behalf of the Coalition and serve as the primary media contact; SEMREO will work to engage additional communities in the work and membership of the Coalition.

V. INDEMNIFICATION

The Parties to this Agreement shall have no liability to the other for any loss suffered which arises out of any action or inaction if, in good faith, it is determined that such course of conduct was in the best interests of the Agreement and such course of conduct did not constitute negligence or misconduct. The Parties to this Agreement shall each be indemnified by the other against losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by it in connection with the Agreement.

VI. FUNDING

In order to finance the operations of the Coalition the Community Members to this Agreement shall contribute an initial assessment in the amount reflective of the Community's share as shown in "Exhibit B". It is agreed that this assessment is based on a budget that should be all inclusive of the scope of work associated with the project. However, should the Coalition need to raise additional revenue the Coalition with an affirmative vote of a 2/3 Two-thirds majority of the member communities may assess additional costs as may be required by the Coalition. The Coalition shall have full authority to revise its method of allocating costs.

VII. RESOLUTION

The Communities entering into this Agreement shall do so by the passage of a formal resolution. The Southeastern Michigan Regional Energy Office through the Chairman of the Board shall provide written acceptance of the Organizations participation in this Agreement.

VII. AMENDMENT

This Agreement may be amended at any time by a vote of 2/3's of the representatives of the Coalition present, together with any other approvals which may be required by law.

Signature Page

*Memorandum of Understanding
Southeast Michigan Street Lighting Coalition*

This Memorandum of Understanding is executed by the authorized representatives of the Parties as indicated below.

“MEMBER”:

By: _____
Name, Title

Dated: _____, 2015

“COALITION”:

SOUTHEAST MICHIGAN MUNICIPAL
STREET LIGHTING COALITION

By: _____
Name, Title

Dated: _____, 2015

Resolution to join Michigan Street Lighting Coalition intervention in MPSC rate case U-17767

Whereas, THE CITY OF ROSEVILLE spends approximately \$800,000 per year for street lighting, an amount that comprises Over 85% of THE CITY OF ROSEVILLE's energy expenditure;

Whereas, most streetlights in THE CITY OF ROSEVILLE are owned and operated by DTE Energy, which charges THE CITY OF ROSEVILLE for electricity, maintenance, lamp and system costs associated with operating those fixtures;

Whereas, reducing air pollution and climate change impacts that result from electricity generation is consistent with THE CITY OF ROSEVILLE's commitment to environmental quality;

Whereas, effective street lighting contributes to driver and pedestrian safety, crime deterrence, neighborhood ambiance, and reduces light trespass and light pollution;

Whereas, conversion of street lighting fixtures from incumbent technologies such as mercury vapor and high-pressure sodium to LED can reduce electricity consumption and pollution from energy generation by 50% or more;

Whereas, LED street lighting fixtures generate a comparatively full spectrum of light that contributes to safety and ambiance, and can be directed accurately to provide lighting only where it is desired;

Whereas, THE CITY OF ROSEVILLE has already converted nearly 900 of DTE Energy-owned streetlights to LED and have initiated plans to convert another 600 streetlights, based in part on financial projections provided by DTE Energy showing annual operating savings that will pay back conversion costs in three to five years;

Whereas, in order to realize continued energy and fiscal savings and improved lighting quality, THE CITY OF ROSEVILLE has planned to convert all its streetlights to LED over the course of several years;

Whereas, DTE Energy has recently filed with the Michigan Public Service Commission (MPSC) proposed revisions to its street lighting rates and tariffs for DTE Energy-owned fixtures that would increase annual operating expenses for LEDs by 12% to 15% depending on wattage, while simultaneously reducing annual operating expenses for high-pressure sodium fixtures by as much as 20%;

Whereas, DTE Energy's proposed street lighting tariffs would significantly lengthen the payback period on good-faith investments THE CITY OF ROSEVILLE has already made to convert nearly 900 of DTE-owned streetlights to LED;

Whereas, DTE Energy's proposed street lighting tariffs would greatly reduce or eliminate the financial incentive for THE CITY OF ROSEVILLE to convert its remaining DTE Energy-owned high-pressure sodium streetlights to LED;

WHEREAS, a coalition of municipalities, called Michigan Street Lighting Coalition ("Coalition") and including the cities of Dearborn, Warren and Ann Arbor, among others, has intervened in the established public process for rate changes with the MPSC (Rate Case U-17767);

WHEREAS, additional municipalities and local governments, including the CITY OF ROSEVILLE may still join the Coalition;

WHEREAS, the cost of the intervention is being shared by the members of the Coalition with additional contributions from the Michigan Municipal League's Legal Defense Fund and Michigan Townships Association, and that THE CITY OF ROSEVILLE's allocated contribution (anticipated not to exceed \$5,000 annually) is based on the number of DTE-owned streetlights billed to THE CITY OF ROSEVILLE;

NOW THEREFORE BE IT RESOLVED that THE CITY OF ROSEVILLE join the intervention by the Coalition in Rate Case U- 17767;

FURTHER BE IT RESOLVED that THE CITY OF ROSEVILLE urges other municipalities to join the intervention by the Coalition in Rate Case U-17767; and

FURTHER BE IT RESOLVED that this resolution be shared with other nearby communities.