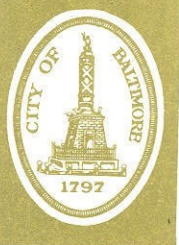


Andrew Kleini

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|-------------|----------------------------------|--|
| FROM | NAME & TITLE | Andrew Kleine, Chief |
| | AGENCY NAME & ADDRESS | Bureau of the Budget and Management Research Room 432, City Hall (410 396-4941) |
| | SUBJECT | City Council Bill #11-0742 – Lamps and Lighting - LED Lights for Street Lamps |

CITY of
BALTIMORE
MEMO

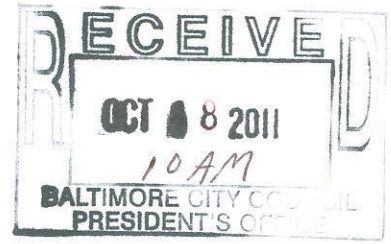


TO

The Honorable President and
Members of the City Council
Room 400, City Hall

DATE:
October 17, 2011

Attention: Ms. Karen Randle



City Council Bill #11-0742 has been introduced for the purpose of requiring the use of Light Emitting Diode lighting for City street lamps from the 2014 fiscal year onward; correcting certain references to the City department responsible for street lighting; and generally relating to City electric street lamps.

The Department of Transportation (DOT) must ensure that, on or before June 30th, 2013, all City electric street lamps are equipped with energy efficient light emitting diode lights.

DOT oversees the City's street light program, which includes 7,000 City-owned, City-maintained street lights; 42,000 City-owned BGE-maintained street lights; and 27,000 BGE-owned, BGE-maintained street lights. DOT is financially responsible for all of these street lights, although it does not have control over all of them.

Switching to LED lights will save approximately \$97 per fixture annually. However, to realize these savings, BGE must update its Tariff with Maryland Public Service Commission (PSC) to permit the use of light emitting diode (LED) fixtures on street lights it powers, including City owned lights, as well as develop a new rate schedule accommodating the decrease in energy usage. Without this update, the City will be unable to install LED lights. The City estimates that the new Tariff language currently in negotiation will become effective during the summer of 2012. Based on the deadline of the bill this would give DOT one year to switch all street lights to LEDs.

DOT has plans to work with Energy Systems Group (ESG) on the first phase of the LED project. In this phase, ESG will install and maintain 11,115 LEDs for a projected net savings of nearly \$2 million over 15 years. ESG will have to subcontract with BGE for the City lights it maintains.

DOT and BGE are currently negotiating rates for LED installation and maintenance on BGE-maintained lights. Although these negotiations appear to be progressing smoothly, the City lacks assurance that the rates BGE ultimately proposes in its Tariff for LED installation and maintenance will be reasonable. As drafted, the bill requires the City to have LEDs installed and maintained on all of its lights, regardless of how much the work costs. The City does not have the opportunity to competitively bid out these services because only one utility company serves the City. If this bill

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passes, then the City will be obligated to pay BGE whatever rates it demands for these expenses on the street lights it powers.

Based on the above findings, the Department of Finance proposes that the Committee amend page 2, lines 11-12 of this bill so that they read:

“[The Department of Transportation must] ENSURE THAT, ON OR BEFORE JUNE 30 2013 2015, ALL CITY-OWNED ELECTRIC STREET LAMPS ARE EQUIPPED WITH ENERGY EFFICIENT LIGHT EMITTING DIODE LIGHTS, PROVIDED THAT THE DEPARTMENT OF TRANSPORTATION AND THE DEPARTMENT OF FINANCE HAVE DETERMINED THAT THE INSTALLATION OF SUCH LIGHTS WILL RESULT IN A NET COST SAVINGS FOR THE CITY.”

cc: Edward J. Gallagher
Angela Gibson

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