



Auburn Hills' Letter of Reference for the Energy Reduction Coalition

The City of Auburn Hills continually looks for ways to improve services and reduce costs. Because our annual total cost of lighting was approximately \$450,000, we investigated converting more than 1,000 street lights and 4,000 building fixtures to LEDs. We reviewed several alternatives and found the ERC program to be the most cost effective. After a year of review, we signed up for the program on July 1, 2014, knowing we were the first municipality to do so. ERC – not the City – paid for all costs of conversion, including some conversions we requested that did not generate any lighting cost reductions.

In 2016, the City retains thousands in cost reduction benefit from the conversion. The benefit retained by the City increases over the 20 year contract as the year to year payments to ERC are reduced. The City expects its lighting cost reductions to be several million dollars, if power costs stay constant, and even more if they rise.

The City may opt out of the ERC program at any time without penalty and return the product, or buyout the system for its depreciated value. During the term of the contract ERC pays the cost to replace any failed lamps and assumes all of the product longevity risks. The City has no long term commitment and at the end of the program, the City owns the lighting system free and clear.

ERC, at its own cost, measures and verifies benefits and reports back to the City annually. When the 2016 review uncovered inaccurate billing by the power utility, ERC worked above and beyond what we would have expected. They worked to reconcile all data and facilitated with the utility to correct the errors which generated credits for prior overbilling. This has been the ERC approach to all issues that arose throughout the process of conversion and afterwards. ERC made extraordinary efforts to resolve every issue and paid additional costs to deliver to the City the system and benefits it had promised.

Being the first community to invest in this program proved to be a challenge. However, the new LED lighting is far superior and the ERC team worked tirelessly to provide a program that made sense for the City staff and the community. Therefore, the Auburn Hills Department of Public Works staff recommends ERC and its unique Lighting Conversion Program. If you would like direct confirmation, feel free to email.

Jeffrey Herczeg

A handwritten signature in black ink, appearing to read "Jeffrey Herczeg".

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