



Building on Progress



Public
Lighting
Authority

In 2018, the Public Lighting Authority continued its efforts to refine and improve its service to the citizens of Detroit. With the nation's most modern and efficient public lighting system now in place, we maintained our record of keeping more than 99 percent of streetlights in operation.

Our mission as a board is to put policies and practices in place to ensure that our new system will continue to shine for years to come. That continued to be the focus of our continuing efforts in 2018. We continue to move quickly to any report of a light being out to determine the cause of the outage and repair it within a matter of days.

At the same time, we have been able to enhance lighting service to Detroit residents by working with DTE Energy to implement an outdoor protective light (OPL) program for alleys. Under this program, block clubs and neighborhood associations with alleys behind their homes can contract directly with DTE for installation of an OPL in the alley. At a minimal cost of less than \$12 per month, residents are able to secure the additional lighting that many have sought. Some 250 of these new lights have been installed to date, and additional lights will be installed as new requests are received.

We have come a long way from when we began to relight the city five years ago, when more than 40 percent of the lights simply did not work and it could literally take years, if ever, to get a broken light fixed. It took decades for our old system to deteriorate to the point where entire areas of our city were dark. We are maintaining policies that assure we never return to those dark days.

We also have a long-term plan to ensure our financial viability in order to keep the system up-to-date as it ages in the coming years.

All of these efforts are part of our continuing commitment to assure that Detroit stays in the forefront of public lighting well into the future.



A handwritten signature in black ink that reads "Lorna Thomas". The signature is fluid and cursive.

Lorna Thomas, M.D.
Board chairwoman
Public Lighting Authority





The Public Lighting Authority focused our efforts in 2018 on successfully maintaining our modern, state-of-the-art lighting system while continuing to identify ways to enhance our service to the residents of Detroit.

Our top priority remains ensuring that our system maintains its status as a national leader in public lighting. That includes an ongoing maintenance program to ensure that if and when a light malfunctions, whether through technical failure or in the event of an incident such as a pole being knocked down by a car, we move quickly to repair and replace it. At the end of the year, some 99.5 percent of the city's streetlights were working – clear proof that we are achieving our goal.

We also have identified and implemented ways to enhance lighting service to Detroit residents. For instance, we worked cooperatively with DTE Energy to develop and begin implementation of a supplemental lighting program. Under this program, known as the Outdoor Protective Light Program, block clubs and neighborhood associations are now able to contract directly with DTE for installation of an affordable Outdoor Protective Light in the alley.

We also have identified opportunities to support other city initiatives, such as assisting the city and local businesses in establishing additional crime-fighting Project Green Light sites around the city. This includes conducting tests to make sure that the lights that are installed as part of this innovative and highly successful crime-fighting effort meet required illumination standards.

In total, more than 425 businesses have joined Project Green Light since its inception, resulting in a significant impact on crime. We are proud to be able to assist in this very important public-private partnership.

The Public Lighting Authority continues to be an example of how government agencies should work. We serve the people of Detroit with efficient and effective lighting while integrating what we do with the broader revitalization efforts in the city. We are committed to continuing our work through 2019 and beyond.

Sincerely,

Beau Taylor
Executive Director
Public Lighting Authority

Public Lighting Authority Board Members

The Public Lighting Authority is overseen by a five-member board that is appointed by the Mayor and City Council. All board members are residents of Detroit.



Lorna Thomas, M.D.
Chair

Lorna Thomas, M.D., a ninth-generation Detroit native from the east side, has been a physician for more than 31 years while serving as a committed advocate for the City of Detroit and the city's civic, cultural and social matters. Dr. Thomas completed her internship and post-graduate residency training in dermatology at Henry Ford Hospital, where she became the first African American Chief Resident in Dermatology. She is board-certified in Dermatology and is a Fellow of the American Academy of Dermatology, the American Society for Dermatologic Surgery and the American Society for Laser Medicine and Surgery. She is Chair of the Board of Trustees of Detroit Receiving Hospital and a member of the boards of the Detroit Medical Center, the Detroit Institute of Arts, Michigan Opera Theatre, MGM Grand Detroit and the New Center Council.



Rod Parker, CPA
Treasurer

Rod Parker is a financial manager with more than 30 years of experience. He started at the Ernst and Young CPA firm, where he received his Certified Public Accountants license. Parker worked at DTE Energy for 30 years, where he retired as a manager in the Controllers Area in 2013. While there, he worked in the following areas: General Accounting, Property Accounting, Financial Systems, Interconnection Sales and Division Controller for Distribution Operations and customer service. He also has served as controller for a number of DTE's non-regulated subsidiaries, (i.e. DTE Energy Trading, International Transmission Company). In addition, he was on the system projects for the PeopleSoft and SAP Financial Systems. Parker is a lifetime resident of the City of Detroit and has served on the Boards of several nonprofits, including DESC, DAPCEP and Core City Neighborhoods. Rod is currently working as a consultant providing accounting and auditing services to a number of local CPA firms.



Patrick L. Padgett, P.E.
Secretary

Patrick Padgett, P.E., is a professional engineer who is leading the growth of the global manufacturing, installation and service operations for the GE SPINlab product, working with medical research institutions in North America, Europe and Asia. Prior to joining GE in 2007, he was a fuel system engineer with Ford Motor Company working in Germany, Dearborn and Poway, California. He is a veteran of the U.S. Navy and holds two U.S. patents for his development work.



Melvin Butch Hollowell
At Large

Butch Hollowell is managing partner of the Miller Law Firm in Detroit, where he oversees the firm's practice at its new downtown Detroit location.

He specializes in complex commercial litigation, municipal and finance law, election law and corporate transactions. He is a graduate of the University of Virginia School of Law, Albion College, and the University of Detroit Jesuit High School and Academy. Prior to his association with the Miller Law Firm, Hollowell served as corporation counsel for the City of Detroit, the city's chief legal officer.

Hollowell is a State Bar Foundation fellow, a recognition reserved for the top 5 percent of Michigan lawyers. He also has served as general counsel of the Detroit Branch NAACP and general chairman of the Detroit Branch NAACP Freedom Fund Dinner, the largest sit-down dinner and largest civil-rights fund-raiser in the country.



Ric Preuss
At large

Ric Preuss, a lifelong Detroit and Detroit business agent for the International Brotherhood of Electrical Workers Local 58 (IBEW), is a licensed electrician with 21 years of electrical construction and maintenance experience.

As the Detroit business agent for IBEW Local 58, Ric works on contract negotiations, dispute resolution and arbitration and building strong collaborative relationships with customers and developers. He spends countless hours solving workforce problems and plays a significant role in the rebuilding of the workforce pipeline into skilled trades.

He also values service to the community and gives back to his lower east side neighborhood community by mentoring young people striving to reach their full potential, and he participates in leadership roles on more than a dozen boards in the city.



Beau Taylor
Executive Director

Beau Taylor was named executive director of the Public Lighting Authority in August 2017. He had earlier served three years as director of Detroit’s Public Lighting Department – where he played a role in the creation of the PLA – and two years as assistant to the City of Detroit’s Chief Operating Officer. His past experience managing the PLD, including revamping Detroit’s electrical infrastructure and migrating municipal electric customers to DTE Energy’s electric grid, provide the ideal background to assure the PLA operations move ahead seamlessly. Taylor earned an MBA in management and international business from New York University’s Stern School of Business and received a bachelor’s degree from Michigan State University’s Eli Broad College of Business.

The PLA team



PAST BOARD MEMBERS

2018

David W. Jones
Donnell R. White

2015

Eva Garza Dewaelsche
Nicole B. Spieles

2014

Mark C. Smith

2013

Maureen Stapleton
Marvin Beatty
John Davis
Cedric Dargin
Michael Einheuser

Front Left to Right

Sanad Khalafawi
John Vernon
Mark Hall
Nathaniel Guider
Cheryl Clay
Beau Taylor
Latrice McKinley
Marie Brown
Jessica Gray
Fadi Fares
Jamal Harrison

Rear (Left to Right)

Mohamed Hassan
Vinson Guider
Nathaniel Maycock
A. Benjamin Barker
De’Andre Brooks
James Wilson

Not Pictured

Mukesh Patel
Kimberly Suchtya

The history

Detroit's streetlights had been a long-term problem for its residents. The severe disrepair the lights were in were indicative of the city's struggles. Copper theft, bulb outages, and vandalism were all common culprits that left at least 40 percent of the lights out of order. The main source of these issues was a lack of resources to tackle them. With no ability to address the problems, things continued to deteriorate.

The lighting system soon had hope. In December of 2012, then-Gov. Rick Snyder signed legislation that permitted the creation of lighting authorities in Michigan. This offered the City of Detroit an opportunity to secure funding and form the Public Lighting Authority (PLA) of Detroit. After the Detroit City Council approved the PLA's articles of incorporation, the PLA began working to bring Detroiters the street-lighting system they deserve.

The PLA set out on a mission to relight the entire city. Detroit neighborhoods were the first to see change. In February 2014, a new system of energy-efficient LEDs began replacing the city's outdated, faulty lighting system. By December 2016, Detroit was fully illuminated by 65,000 new streetlights. The PLA had completed the project in under three years, ahead of schedule and under budget.



THE MISSION

Now that the Public Lighting Authority has completed construction, the agency's mission has transitioned to one dedicated to maintaining the streetlights in Detroit and ensuring that the brighter, more reliable and more energy-efficient lights will continue to shine on our city for years to come.

THE LEADERSHIP

The PLA is a separate legal entity from the City of Detroit and run by a five-member board, all of whom are Detroit residents. Detroit Mayor Mike Duggan and the Detroit City Council each appoint two board members; the fifth member is picked by Council from a list of candidates provided by the mayor.





Maintaining a viable lighting system

The PLA made several changes from the previous, defective lighting system. This was done to maintain reliability and to fulfill its goal of enhancing, renovating and maintaining all of Detroit's streetlights.

First, the city's series circuit lighting system had to be replaced. This type of wiring made it so if one light went down, so did the entire circuit. PLA implemented a new system in which if one light burns out the others stay on. This is essential to improving reliability.

Second, the old high-pressure sodium lights were swapped for state-of-the-art Light Emitting Diode (LED) lights. The new lights burn twice as bright and are more energy efficient than the old ones, saving Detroit taxpayers money.

Third, the PLA switched from copper wiring, a commonly stolen metal, to aluminum wiring, a metal worth only a fraction of copper. The new lights also do not require the copper coil at the base of each lamp that the old lights did. This switch deters scrap metal thieves and helps keep the lights on.

Finally, a new system for repairs was put in to place, addressing most problems within three to five days. This is a massive shift from the old repair operation. In the old system, residents would often wait years for an issue to be dealt with, if it was at all.



Keeping the lights on

The PLA is dedicated to keeping Detroit's new and improved lights on. Whether it's replacing a pole or a malfunctioning LED bulb, the Public Lighting Authority is committed to responding quickly to address any issues.

Under the PLA's new system, over 5,551 streetlights, 1,444 of which were damaged by motor vehicles, were repaired in 2018. While most of the issues were addressed within three to five days, some problems, such as those where a pole was knocked down, took longer to tackle. There were also rare occurrences in which severe weather acted as a hinderance to the repair process. By the end of 2018, PLA met its goal of maintaining the new light system, showing that 99.5 percent of the streetlights were up and running.

The old lighting system had many flaws. However, the largest hinderance to the system was the city's lack of financial resources. It would often take years for a single issue to be repaired, if at all, simply because there was no source of funds to pay for repairs or basic maintenance. The PLA put an end to that. The revitalized system now has structures in place that assure the quality and reliability of the new system is upheld. That is why we preserve longstanding capital to make sure that the resources are available well into the future.





How to report a light that's out

Detroit's streetlights have sensors that respond to sunlight, not a timer. This means that they come on at dusk and go off at sunrise throughout the entire year.

Before reporting streetlights as being out, we ask residents to first check to see whether the other lights on their block are shining. If the other lights are also off, it means that it's not quite dark enough outside yet for the lights to come on. If, however, the other lights are on, we ask residents to call us right away at **(313)324-8290** or e-mail us at **info@pladetroit.org**.

We also ask those reporting out lights to note the date and the time that they observed the light not on.

Together, we can help keep Detroit's streetlights shining while also reducing costs and unnecessary site visits.

**HELP US KEEP
THE LIGHTS ON**

**(313)324-8290
info@pladetroit.org.**

Outdoor Protective Lighting Program

In late 2018, the Public Lighting Authority partnered with DTE Energy to launch the Outdoor Protective Lighting Program. These OPLs, as they are known, are a cost-effective solution for adding more lighting to a Detroit resident or business property. DTE Energy will come out and for no cost do a survey and install a light. The only money residents pay is a monthly fee of less than \$12 that can either be paid by an individual or divided among a block club or neighborhood association. For information about the OPL program, call the PLA at **313-324-8290** or e-mail **OPL@pladetroit.org**, or go to **www.dteenergy.com/OPL** or call **866-503-0627**.

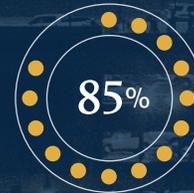


DETROIT-BASED PROCUREMENT

Employing Detroiters and utilizing resources within the City of Detroit has been a priority for the PLA from the beginning. In fact, efforts must be made to ensure that local companies do the work to stay in accordance with the legal requirement of the legislation that enables the PLA.



PLA's vendors based in Detroit in 2017

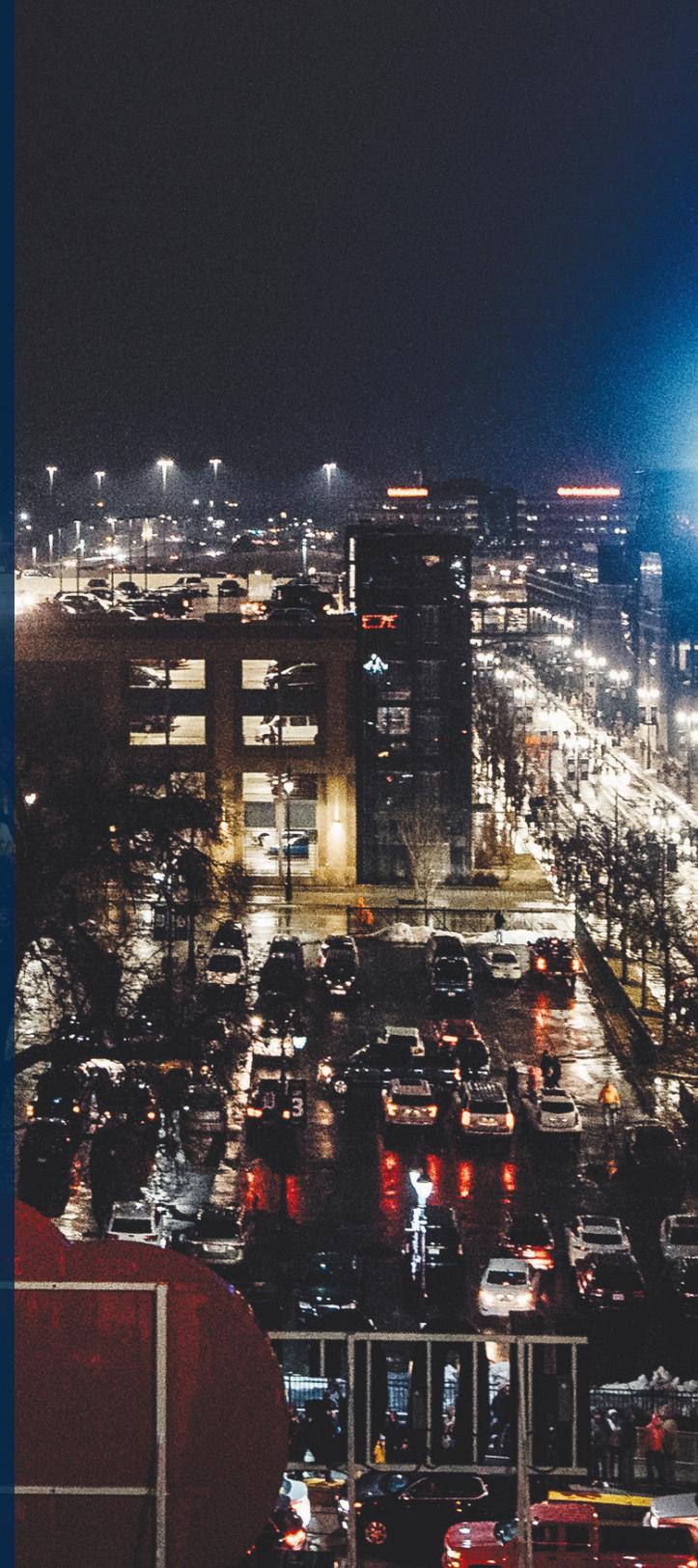


PLA's vendors based in Detroit in 2018



PLA's vendors based in Detroit so far in 2019

Of the contractors who completed the original PLA project, **63 percent** were Detroit-based businesses. This means the PLA is not only keeping Detroiters safe, but also creating jobs and investing in residents.





How the PLA is funded

The Public Lighting Authority is funded through \$185 million in bonds sold on its behalf in 2014 by the Michigan Finance Authority.

The Public Lighting Authority is a separate municipal corporation from the City of Detroit. It has its own dedicated revenue stream that stems from a portion of the city's Utility User Tax. This aided the PLA in securing an investment grade rating of "A-" from Standard & Poor's and "BBB+" from Fitch.

The legislation allocated \$12.5 million a year from the City of Detroit's Utility User Tax to provide the needed revenue stream to pay off the bonds. The Utility User Tax originally was levied to pay for public safety activities, and it was chosen because effective public lighting is an integral part of effective crime fighting. The legislation also allocated a portion of the city's income tax to public safety to cover the \$12.5 million that was designated to public lighting.

In December 2013, U.S. Bankruptcy Judge Steven Rhodes issued a ruling that the PLA is a separate municipal corporation and that all financing secured by the PLA was not affected by the City of Detroit's bankruptcy proceedings that were then underway in his courtroom.

That ruling cleared the way for the sale of an initial interim financing of \$60 million to get the relighting underway and then the sale of the full bond issue in June of 2014.



Because of the security offered by the legislation forming the Authority and Judge Rhodes' decision, demand was so strong that the all-in interest rate for the 30-year transaction averaged 4.53 percent. That enabled the sale of an additional \$25 million in bonds, enabling the purchase and installation of an additional 10,000 streetlights above the Authority's original plan, resulting in a total of 65,000 new streetlights.

INDEPENDENT AUDITOR'S REPORT

November 20, 2018

To the Board of Directors
Public Lighting Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Public Lighting Authority (the "PLA"), a component unit of the City of Detroit, Michigan, as of, and for the years ended, June 30, 2018 and 2017, as well as the related notes to the financial statements, which comprise the PLA's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The PLA's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the PLA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PLA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Public Lighting Authority
November 20, 2018
Page Two

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the PLA as of June 30, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 20, 2018 on our consideration of the PLA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PLA's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS
Detroit, Michigan

Financials

Fiscal YEAR Ended June 30

	FY 2017-18	FY 2016-17
Revenue	\$ 23,844,092.00	\$ 23,611,718.00
Expenditures	\$ 21,101,681.00	\$ 16,338,875.00
Net increase in net position	\$ 2,742,411.00	\$ 7,272,843.00
Net position, beginning of period	\$ 32,152,431.00	\$ 24,879,588.00
Net position, end of period	\$34,894,842.00	\$32,152,431.00



Statement of Net Position

June 30, 2018

Assets

Current assets

Cash and cash equivalents (Note B):	
Unrestricted	\$ 9,977,141.00
Reserved for operation and maintenance	\$ 18,441,670.00
Total Cash and Cash Equivalents	\$ 28,418,811.00

Inventory (Note A)	-0-
Prepaid expenses	\$ 172,031.00
Total Current Assets	\$ 28,590,842.00

Noncurrent assets

Investments (Note B)	\$ 15,405,638.00
Capital assets (Note C):	
Nondepreciable capital assets	-0-
Depreciable capital assets, net	\$ 176,162,234.00
Total Noncurrent Assets	\$ 191,567,872.00
Total Assets	\$ 220,158,714.00

Liabilities

Current liabilities

Accounts payable on capital acquisitions	\$ 350,476.00
Other accounts payable and accrued expenses	\$ 57,507.00
Accrued interest payable	-0-
Advance from City of Detroit	\$ 2,524,971.00
Bonds payable due or expected to be paid within one year (Note D)	\$ 374,458.00
Total Current Liabilities	\$ 3,307,412.00

Noncurrent liabilities:

Bonds payable due or expected to be paid in more than one year (Note D)	\$ 181,956,460.00
Total Liabilities	\$ 185,263,872.00

Net Position:

Net investment in capital assets	\$ 13,116,597.00
Unrestricted	\$ 21,778,245.00
Total Net Position	\$ 34,894,842.00



Financials

Statement of revenue, expenses and changes in net position

For the six months ended December 31, 2018

Revenue	
Utility user tax revenue	\$ 6,250,000.00
Operations and maintenance	\$ 5,049,942.00
Investment income	\$ 170,893.00
Other revenue	\$ 12,221.00
Total revenue	\$ 11,483,056.00
Expenditures	
Debt services expenses	\$ 4,127,646.00
Operations and maintenance expenses	\$ 1,832,672.00
Operating expenses	\$ 4,662,303.00
Total expenditures	\$ 10,622,621.00
Change in net position	\$ 860,435.00
Net position – beginning of period	\$ 34,894,842.00
Net position – end of period	\$ 35,755,277.00



PUBLIC LIGHTING AUTHORITY

65 Cadillac Square, Suite 3100
Detroit, MI 48226

CONTACT US:

(313) 324-8290

pladetroit.org

info@pladetroit.org

Twitter: @PLA_Detroit

facebook.com/PublicLightingAuthority
