



Public Lighting Authority



Committed to Keeping Detroit Shining Bright

2021 ANNUAL REPORT

Detroit is home to the nation's most modern and efficient public lighting system, and our dedicated team at the Public Lighting Authority once again succeeded in keeping more than 99 percent of streetlights in operation year-round. In 2021, the PLA continued its commitment to keeping Detroit's streetlights shining bright, serving the citizens of our city, and creating a workforce development program for Detroiters, despite the COVID-19 pandemic.

In partnership with our contractors and IBEW Local 17, the Public Lighting Authority Nurturing Talent (PLANT) program is designed to hire Detroit residents and train individuals with our contractors for future careers in skilled trades. This program provides on-the-job training and certifications, helps applicants apply for an apprenticeship, and, most importantly, creates opportunities here in our hometown, in our neighborhoods, for our fellow Detroiters. The inaugural class of five students is showing much promise, and we anticipate that the program will expand as we continue to maintain the streetlights.

We have come a long way from when we began eight years ago when more than 40 percent of the lights simply did not work and it could 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 pitch black. However, it took us only three years to fix it.

The Authority continues to promptly respond to all issues with our lights and usually has them repaired within a matter of days. We have also made it easier than ever for residents to report a light outage, by calling us at (313) 324-8290, or report it through our website (pladetroit.org), or e-mail (lightout@pladetroit.org), or through the Improve Detroit app.

We are exceptionally proud of our team and its accomplishments and dedication, and we look forward to continuing to keep Detroit shining bright.



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

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



Thanks to the commitment to service and safety, the Public Lighting Authority team continued to provide outstanding work to neighborhoods across Detroit. We ensured that 99 percent of the city's streetlight system remained operational in 2021. Despite the global pandemic, our team successfully maintained Detroit's state-of-the-art street lighting system while ensuring the health and safety of our workers and the community.

Since the PLA's inception, we have maintained responsiveness and continue to make repairs promptly - should a light go out, if a car hits a pole, and other related outages. And for that, I am very grateful for our dedicated team.

I am incredibly proud of our team and partners for prioritizing diversity and inclusion. Our new pre-apprentice program, PLANT, is creating opportunities for Detroiters and minorities – a pipeline to engage residents in the skilled trades. This program aims to open doors to people who never considered or knew anything about electrical work – providing a clear path to get training, certifications, CDLs, interview and test prep for the union, and, ultimately, a six-figure career in their neighborhood.

The PLA continues to be a leader in championing our city's entrepreneurs and their employees, and the value we place on workplace safety, whether with electrical lines or a global pandemic.

Lastly, I'm grateful to the Mayor and City Council for their continued support. This department continues to be a shining example of how government should work. We respond quickly when there is an issue, operate efficiently, work proactively, and constantly look for ways to improve our service to the residents of Detroit.

We are committed to continuing our work, to always keeping Detroit shining.

A handwritten signature in dark ink, appearing to read "Beau Taylor".

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. | Chairwoman

Lorna Thomas, M.D., a ninth-generation Detroiter from the east side, has been a physician for more than 30 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 postgraduate 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 chairwoman 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 Ernst & Young, where he received his Certified Public Accountant (CPA) 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 many of DTE's nonregulated subsidiaries (i.e., DTE Energy Trading, International Transmission Company). In addition, he was on the system projects for PeopleSoft and SAP Financial Systems. Parker is a lifetime resident of Detroit and has served on the boards of several nonprofits, including Detroit Employment Solutions Corporation, Detroit Area Pre-College Engineering Program (DAPCEP) and Core City Neighborhoods. He is also 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 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. Before 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

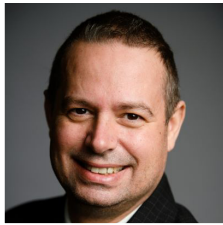
Butch Hollowell is managing partner of the Miller Law Firm in Detroit, where he oversees the firm's practice at its downtown Detroit location. He specializes in complex commercial litigation, municipal and finance law, election law and corporate transactions. He graduated from the University of Virginia School of Law, Albion College, and the University of Detroit Jesuit High School and Academy. Before 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 five percent of Michigan lawyers. He has also 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 resident 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. Preuss has extensive experience designing and installing electrical systems safely for large infrastructure projects. In his current role, he is involved in every large construction project in the city of Detroit. As the Detroit business agent for IBEW Local 58, Preuss works on contract negotiations, dispute resolution and arbitration and builds strong collaborative relationships with customers and developers. He spends countless hours solving workforce problems and plays a significant role in rebuilding the workforce pipeline into skilled trades. He is passionate about workforce development and providing real, meaningful career opportunities for Detroit residents through electrical apprenticeship programs offered through IBEW and its partner employers at NECA. 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 served three years as director of Detroit's Public Lighting Department (PLD) – 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 experience managing the PLD, including revamping Detroit's electrical infrastructure and migrating municipal electric customers to DTE Energy's electric grid, provided the ideal background to assure the PLA operations move seamlessly. Taylor earned an MBA in management and international business from New York University's Stern School of Business and a bachelor's degree from Michigan State University's Eli Broad College of Business.

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

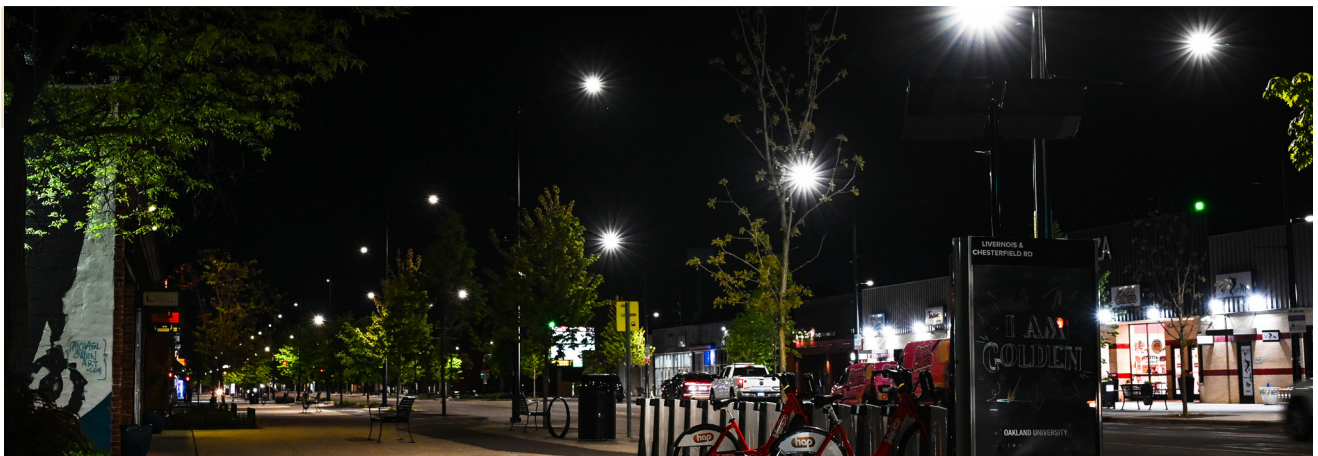


The history

For decades, Detroit's streetlights were a constant problem for the city's residents. More than 40 percent of them just flat-out did not work. Copper theft, dead bulbs, vandalism and age – and a lack of resources to fix them – left much of the city's neighborhoods in the dark. They were an unavoidable, constant reminder of Detroit's struggles at the time. With no ability to address the issues, the only thing that changed was the city's streetlight system worsened.

But in December 2012, legislation was signed allowing for the creation of lighting authorities in Michigan. This allowed Detroit to create the Public Lighting Authority (PLA) and secure funding. Following the Detroit City Council's approval of the PLA's articles of incorporation, the PLA got to work, overhauling the entire street lighting system across the city's 139 square miles. After months of studies and engaging communities across the city, the PLA began installing new energy-efficient LEDs in the neighborhoods in February 2014.

By December 2016, Detroit was fully illuminated by 65,000 new LED streetlights. The PLA installed a new infrastructure in less than three years, which meant the incredible effort was finished ahead of schedule and under budget.



The mission

The Public Lighting Authority's mission is now dedicated to maintaining the streetlights in Detroit, responding to residents' needs and ensuring that the city's new LED streetlight system will continue to shine for years to come.

The leadership

The PLA is a separate legal entity from the City of Detroit. It is governed by a five-member board comprised of Detroit residents. Detroit Mayor Mike Duggan and the Detroit City Council appoint two board members each, and the Council picks the fifth from a list of candidates provided by the mayor.



Maintaining a sustainable 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.

Since its inception, the PLA's mission has been to improve, modernize and maintain all of Detroit's streetlights with brighter, more reliable and more energy-efficient lights. To achieve this goal, the PLA made several changes to the old lighting system that had grown unreliable.

To improve reliability, it did away with the city's old series circuit-lighting system, commonly referred to as "Christmas tree light" wiring, in which multiple lights were on one circuit. If one light burned out, the entire circuit went down until the one light was fixed. In the new lighting system, the others stay on if one light goes out.

The PLA switched from the old high-pressure sodium lights to new, state-of-the-art Light-Emitting Diode (LED) lights to improve illumination and energy efficiency. The new lights are twice as bright as the old lights while also being more energy-efficient, saving Detroit taxpayers money.

To improve reliability and deter scrap-metal theft, the PLA switched from copper wiring to aluminum wiring because aluminum has only a fraction of the value of copper on the scrap market. The old lights also had a copper coil at the base of each lamp, which the new lights do not require. We can keep the lights on by keeping vandals and thieves off our lights.

Keeping the lights shining bright

The PLA is dedicated to keeping Detroit’s streets safely lit. From replacing a malfunctioning luminaire to addressing downed poles, we strive to have most problems addressed within a matter of days.



In 2021, 2,447 streetlights were repaired, and 490 poles downed by motor vehicles were replaced. Though most of the issues were addressed within five days, some problems, such as where a pole was knocked down, took longer to repair. There were also some delays because of inventory issues brought on by supply chain disruptions due to the COVID-19 pandemic, but our teams continued to work to resolve issues during the crisis.

The old lighting system had many flaws. However, the city's lack of financial resources was the most significant hindrance to the system. It would often take years for a single issue to be repaired, if at all, simply because there was no pay source for repairs or essential 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 are upheld. That is why we preserve longstanding capital to ensure the resources are available well into the future.

How to report a streetlight outage

Our 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 year.



Before reporting streetlights as being out, we ask residents to check to see whether the other lights on their block are on. If they're not, then it's not dark enough yet for the lights to turn on. If the other lights are shining, then residents should call us right away at **(313) 324-8290**, e-mail us at **info@pladetroit.org**, or report the outage at **pladetroit.org** or on the Improve Detroit app.

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

Light out? Let us know.

(313) 324-8290
lightout@pladetroit.org

New workforce development program for our community

The PLA launched a workforce development program in partnership with its contractors and the International Brotherhood of Electrical Workers Local 17. The Public Lighting Authority Nurturing Talent (PLANT) program is designed to encourage contractors to hire Detroit residents and train them for future careers in skilled trades.

Various labor classifications exist within Local 17, including journeymen linemen, journeymen traffic signal technicians and grounds men. Journeymen classifications require formal training and acceptance into an IBEW-sponsored apprentice program, while grounds men can be hired with no formal training.

In addition to hiring Detroiters for entry-level positions, PLANT is designed to provide access to apprenticeship opportunities that can lead to six-figure careers within the electrical industry. Each year, the program seeks to include at least five participants who live in Detroit with training taking place during a year.



"In partnership with IBEW Local 17 and our contractors, we are continuing to improve our community all while creating opportunities for fellow Detroiters in a high-demand industry."

**De'Andre Brooks , PLA Director of Government and
Community Relations**



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. Our contractors have embraced the spirit of inclusion, without being contractually obligated. 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. Its dedicated revenue stream 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 bonds are being repaid from a portion of the City of Detroit's Utility User Tax proceeds.

The legislation allocated \$12.5 million a year from the Utility User Tax to provide the needed revenue stream to pay off the bonds. The Utility User Tax was originally 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 designated for 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 initial interim financing of \$60 million to get the relighting underway and the sale of the entire 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 10,000 streetlights above the Authority's original plan, giving Detroit 65,000 new LED streetlights.



CPAs | ADVISORS

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INDEPENDENT AUDITOR'S REPORT

November 9, 2021

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, 2021 and 2020, 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.

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Board of Directors
Public Lighting Authority
November 9, 2021
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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

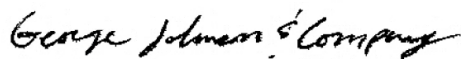
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the PLA as of June 30, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended, in conformity with 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 7 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 9, 2021 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

	Enterprise funds	
	FY 2021	FY 2020
Revenue	\$ 23,383,668	\$ 26,508,601
Expenditures	\$ 23,959,839	\$ 22,916,884
Net increase in net position	\$ (576,171)	\$ 3,591,717
Net position, beginning of period	\$ 39,535,234	\$ 35,943,517
Net position, end of period	\$38,959,063	\$ 39,535,234



Public Lighting Authority Statement of Net Position

June 30, 2021

ASSETS

Current assets

Cash and cash equivalents:

Unrestricted	\$ 7,038,085
Reserved for operation and maintenance.....	\$ 760,308

Total cash and cash equivalents \$ 7,798,393

Accounts receivable	\$ -0-
Prepaid expenses.....	\$ 120,925

Total current assets \$ 7,919,318

Noncurrent assets

Investments \$ 52,414,254

Capital assets:

Nondepreciable capital assets	-0-
Depreciable capital assets, net.....	\$ 161,103,616

Total noncurrent Assets \$ 213,517,870

Total assets \$ 221,437,188

LIABILITIES

Current liabilities

Accounts payable on capital

acquisitions \$ -0-

Other accounts payable and

accrued expenses..... \$ 1,207,620

Accrued interest payable 4,141,874

Advance from City of Detroit \$ 2,841,087

Bonds payable due or expected to be paid within one year \$ 4,099,458

Total current liabilities \$ 12,290,039

Noncurrent liabilities:

Bonds payable due or expected to be

paid in more than one year \$ 170,188,086

Total liabilities \$ 182,478,125

Net position:

Restricted for bond payment..... \$ 24,130,710

Unrestricted..... \$ 14,828,353

Total net position \$ 38,959,063



Statement of revenue, expenses and changes in net position

For the six months ended June 30, 2021

Revenue

Utility user tax revenue.....	\$ 12,499,995
Operations and maintenance	\$ 10,403,263
Investment income.....	\$ 35,568
Other revenue.....	\$ 444,842

Total revenue..... \$ 23,383,668

Expenditures

Debt services expenses.....	\$ 8,026,265
Operations and maintenance expenses.....	\$ 6,660,963
Operating expenses.....	\$ 9,272,611

Total expenditures..... \$ 23,959,839

Change in net position..... \$ (576,171)

Net position – beginning of period..... \$ 39,535,234

Net position – end of period..... \$ 38,959,063



CONTACT US

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