



**CANTON TOWNSHIP
DOWNTOWN DEVELOPMENT AUTHORITY
Minutes of the
May 15, 2019 Meeting**

The meeting was called to order at 8:02 A.M. by Chairperson, Melissa McLaughlin.

Present: Steve Brock, Dianne Cojei, Laura Giove, Andy Hargreaves, Chuck Jones, Seth Kleinglass, Melissa McLaughlin, Bart Patterson, Janet Volante, Mark Waldbauer

Absent: Greg Greene, Pat Williams

Staff: Amy Hamilton, Kerri Romanko

Others: Robert Florka, Keven Kelley (ERC Energy Reduction Coalition)

ACCEPTANCE OF AGENDA

MOTION: by Mark Waldbauer, supported by Bart Patterson, to accept the agenda as presented.

AYES: All present

APPROVAL OF THE APRIL 17, 2019 MINUTES

MOTION by Mark Waldbauer, supported by Laura Giove, to approve the April 17, 2019 meeting minutes.

AYES: All present.

CITIZENS' NON-AGENDA ITEMS

NONE

PAYMENT OF BILLS

MOTION: Dianne Cojei, supported by Janet Volante, to accept the payment of bills.

AYES: All present.

PRESENTATION: ENERGY REDUCTION COALITION

Bob Florka talked about their services to other communities in our area. He said they do assessments to determine supplies, costs and energy use. Then they model that cost with LED lamps.

He went on to say that standard cost reduction starts at 10%, increasing to 30% over the life of the product. Payments to DTE and ERC (Energy Reduction Coalition) decrease over time. The amount of payment to ERC depends on the decrease in the DTE bill. What is saved from energy costs to DTE is paid to ERC. Bob Florka said ERC has been in business for eight years.

Bob said that the expected life of the product is 23 years. By approving ERC to review our current DTE bills they could establish a more accurate breakdown. For now, Bob Florka provided a handout reflecting our expected DTE bills over the 23 year period of time. He said the DDA would be paying DTE approximately 3.5 million dollars over that period of time. Payments to ERC over that time would be about a 1.8 million dollar difference.

Bob explained that ERC would spend \$500,000 up front to convert all the existing lights to LED lights. The hope is that we would stay in the program long enough for them to make that back. However, you don't have to stay in the program more than two years. After two years you can return the lamps to them and leave the program. Another way to leave the program is to retire streetlights because if the light is removed there is no benefit to them. A third way to leave the program is to buy them out. The initial cost would be the \$500,000 but that cost goes down each month because you are using the lighting and its value depreciates each month. Their estimate shows that the LED lamps depreciate about \$1800/month, so after ten months the buyout amount would be \$18,000 less. The only time the buyout amount would go up if a lamp fails and needs to be replaced. That lamp will go up to its current value.

He said right now the annual electricity costs for the DDA street lights is about \$43,000 per year and the annual maintenance costs average out to \$61,000 per year. Based on those numbers they set their bench mark at \$105,000 per year. The first full year we would save \$10,500 in the ERC program. Switching to LED should take our electricity costs from \$43,000 down to \$8,000.

Bob Florka said the LED lighting comes in any color, generally 4,000K for street lights. He said they always start out presuming that we would want to keep our savings. However, other organizations have asked them to use the savings for other similar purposes. For instance, Centerline asked them to use the savings to light the football field for their Friday night football games. In a case like ours we may want to look at using some of the savings for the

maintenance of our lights, such as pole painting.

Mark Waldbaur asked Rob Florka to explain some of ERC's responsibility in regards to maintenance. Bob said for maintenance their focus is the lamp and the fixture. If it fails in the normal course of use, even outside of warranty ERC still covers the replacement. If a fixture fails due to casualty, such as a vehicle hitting it, that would be up to our insurance company to pay for replacement. Painting of poles, break-away bolts, underground wire would not be ERC's responsibility.

Mark Waldbaur asked if it would be a good idea for us to wait since we have the boulevard construction coming. Rob Florka said no, if we converted the system now and poles are removed during construction, the rate would be recalculated at that time to remove any lights that are not in use. If, after the construction was completed, new lights were put back in their place they would be added back to the program at that point.

Melissa McLaughlin asked if we signed into this program and a light goes out, does your contractor fix it? Bob said ERC would use Canton's current contractor (Great Lakes) and accidents would be our responsibility. Melissa brought up our custom fixtures. Bob Florka said they only fix the lights themselves, not poles, heads, etc.

Bart Patterson asked how many lights we have converted to LED so far. Amy Hamilton said that we have converted approximately 10 lights so far because we only convert them as they need replaced. Amy mentioned that DTE took a light count of 605 and Great Lakes reported that we have 588 DDA lights.

Bart Patterson then asked what the time frame would be to look at the system and come back with more accurate information. Bob Florka said it would probably take one month.

Melissa McLaughlin asked what the implications are if we sign a contract allowing them to review our electric bills because right now we only have soft numbers. If we sign, can our system be analyzed for more accurate numbers and does that still allow us to decide whether or not we want to commit to the program. Bob Florka said no, that they would produce a plan which will include a detailed report. Until that plan and a bill of materials is approved there is no obligation. We would not pay ERC until the system begins to be installed. Melissa clarified that the DTE bills would still come to us then we would pay ERC the \$7400, or whatever that number comes out to be. Bob Florka said yes. The only obligation we would have at this point is spending some time to supply ERC with our current electric bills. Bob said they can send someone to our office to copy our bills for us if needed.

Mark Waldbauer asked if ERC would recommend replacing all of the lights right now, before the boulevard project begins. Bob Florka said yes.

Seth Kleinglass asked Rob Florka if he could talk us out of DTE and tell the group why we would benefit by using them instead of going with DTE. Bob Florka said there is a tremendous increase in cost with DTE and if you give them the system, most likely, there is no getting it back because

the buyback would be too expensive.

Bob Florka and Kevin Kelley from ERC concluded their presentation and left the meeting at 8:50am

PRESENTATION: DDA CASH FLOW ANALYSIS BY CANTON'S FINANCE DEPARTMENT

Deb Janice from Canton Township's Finance Department came in to present the DDA Cash Flow Analysis. She passed out a Budget Cash Flow hand-out and explained that she does the Cash Analysis a few times a year or whenever the DDA requests. At the end of 2018 the ending Fund Balance was \$2,121,079 which is a great. Auditors are typically looking for a balance of about 15% of total operating expenses. At the end of 2018 the DDA paid off its bonds so that won't be an expense for 2019 however the Maintenance and Repair account has increased due to infrastructure projects that are planned. The DDA tax capture was a little bit over what was budgeted. Part of that is the tax capture from the Road Millage which isn't reflected on the budget yet because it needs to go to the Board first.

Mark Waldbauer asked if the Road Millage could be a separate line item on the budget. Deb Janice said yes, she can do that.

Melissa McLaughlin said the good news is that we are out of debt. The project that buried the overhead lines is finally paid off. Amy Hamilton said that new tax requirements require an explanation if there is too much in the Fund Balance. Melissa McLaughlin said there is a huge state movement, particularly in Wayne County to abolish DDA's. We capture the county's share of the taxes unlike most DDA's that only capture their local share. There is a lot of reporting that needs to be done to track everything and show that funds are being invested back into the district.

Deb Janice said an RBA showing the budget adjustment and funds transfer will be coming soon.

Deb Janice left the meeting at 9:10am.

DISCUSSION: FUTURE OF DDA STREET LIGHTS

Amy Hamilton said that we've been working with DTE for the last six months on their proposal to take over the DDA streetlights. She said that they have answered all of our questions but she feels that we would be paying more to go with DTE although it would simplify the whole streetlight process. She went on to say that when they submitted answers to our questions a couple red flags popped up because originally told us they would be cleaning the globes and painting the poles every two years, but when they responded to specific questions about the contract it was then 5-7 years or "as needed." She was concerned about who determines "as needed?" We would be relinquishing all control over the system. Having them on board when the boulevard goes in would be helpful because they would assign an engineer but we are also going to continue paying DTE even if all of the streetlights are removed for several months.

Melissa McLaughlin said the DTE cost was \$154,000 per year until rates are changed. Based on the numbers ERC came up with, we are spending \$105,000 a year between electric and maintenance costs. With the change to LED lamps our electric bill is expected to go down to \$10,000 per year and we would pay them \$7,200 per month for their investment of converting our system to LED. Over time the \$7,200/month (\$95,000/year) would drop down to about \$5,400/month (\$73,000/year). She said that would be 3.5 million dollars for DTE or about 2 million dollars for ERC.

Amy Hamilton said even if we went with ERC we would still need to keep Great Lakes on as our lighting contractor for maintenance and repairs. Our insurance covers the cost of a hit pole except for \$1000 for the deductible. We had 11 street lights hit by vehicles last year. When hit, single streetlight are approximately \$2500-\$3000 to replace and the double lights are around \$7000. DTE will not stock our special poles and only offer us a credit of \$600 per pole for replacements. Amy also said that when the boulevard goes in all of our lights will be removed and reinstalled at our expense but Tim Faas (former MSD Director) did factor that cost into the construction.

Bart Patterson wanted to confirm that when the lights are removed for construction we had the option to replace them with DTE's standard light pole. Janet Volente said she thought DTE said they could do that at no cost to us.

Melissa McLaughlin said the ERC would not do anything but convert the lamps to LED. Seth Kleinglass said it seems like for that amount we could convert the lights ourselves and pay ourselves back. Steve Brock said we could just pay Great Lakes to do the bulb installation because otherwise we'd be hiring ERC to pay Great Lakes to do it.

Andy Hargreaves asked how long it would take DTE to complete the conversion to LED. Amy Hamilton said it would take 6-12 weeks to convert the entire system to LED. Steve Brock asked if DTE is responsible for crashed poles if they take the system. Amy Hamilton said yes they would incur that liability. Steve Brock said that based on DTE's analysis of our system it is in very good shape and based on the discussion of the underground wiring it should be in fairly good condition and would be DTE's responsibility anyway, wouldn't it? Amy Hamilton said she didn't think so but Melissa McLaughlin said she thinks it would be their responsibility because all subdivision wiring has been moved underground and is DTE's responsibility. Mark Waldbauer felt that it would depend on what disrupted the underground wire. If an excavator hit it without first checking with Miss Dig they would be responsible.

Seth Kleinglass asked if the DTE rate would change based on whether or not we are using the lights. When they are removed for construction, will our rate change? Amy Hamilton said that would be a question to ask DTE. She feels the rate they gave us is based on the energy we use right now.

Janet Volente said maybe we shouldn't be looking at going with DTE or ERC. We know what the savings would be if we convert to LED couldn't we just convert the system ourselves?

Steve Brock doesn't feel we should make payments over twenty-three years (to ERC) for something we can do ourselves.

Melissa McLaughlin said if she was making this decision personally she would save the money and wait until we know what will happen with the construction of the boulevard. She said it has been budgeted with MDOT to replace the lights. They would most likely only cover the standard light poles instead of our custom poles but we would get them all converted. We may even have fewer lights than we have now. Then the lights not affected by the construction we could go back in and replace ourselves.

Seth Kleinglass said he still likes the DTE option because they will have the responsibility of keeping it up and we won't be voting on paying energy bills and chasing insurance. They will own it and make it look good. He said he can't imagine that if they owned a million dollar light project in Canton they would let it go to crap or look bad.

Steve Brock said while the DTE option might look good now we need to think about 5-10 years from now when none of us are on the board a new board might look at this and ask why we signed up for it; basically leasing our own property that we have no control over and it is costing us x-amount of money each year.

Janet Volente asked if Canton's Engineering Department or Great Lakes, or anyone that might be more of a specialist, could look at these numbers and help us make good sense out of it. She doesn't feel there is a solid understanding of it all.

Mark Waldbauer said he doesn't feel comfortable and doesn't like DTE's responses or replies to our questions. He used an analogy of a bad dating relationship: when they first came it sounded like the best thing we could ever get but as we push for more answers to our questions we are starting to see the real relationship toward the end. He feels it is the most expensive way we could go to give away assets that this board spent a lot of time and energy to acquire. An example of responses he didn't like would be the cleaning agreement, the fact that we can't use the standard retrofit and we would still be responsible for knock-downs and storage too. They can't even tell us how many we would need to store based on their contract. Mark said he feels very uneasy about it.

Bart Patterson said we should hold DTE to what we want.

Seth Kleinglass asked if we can have DTE at the meeting again next month. Amy Hamilton said yes, we can have DTE join the meeting again next month. She also asked the group if they felt that ERC was a "no go" so she can let them know that we are not interested at this time. She clarified that the board would either choose the DTE option or keep the system ourselves and whether or not they wanted to move forward in exploring the ERC option. Steve Brock said it sounds like going with ERC would mean calling them when a pole is down so they could call Great Lakes for us and let them know a pole is down.

Bart Patterson asked if we could still get a cost for what it would be to take the 140 lights off

the irrigation system so we can get that energy billed at the right rate. He said outside of DTE or ERC it is a cost we will have to assume so we should figure out what that number is.

Steve Brock said that we can go the DTE route at any time. He wanted to know if we could reach out to other communities and find out how their experience has been with DTE. Amy Hamilton said yes, we could do that.

Andy Hargreaves asked if there is any way to determine how many man hours, on our end, are spent with all the invoices, billing, coordinating and calling. Not only for us but also processing payments and cutting checks in the Finance Department etc because that should be factored into this too. Consideration of the annual cost for all that could make this decision sway one way or the other.

Melissa McLaughlin said that the boulevard is expected for 2023-2024 but we can't count on that. We've seen this before and it could feasibly be longer. She suggested putting together some side by side comparisons where we can say, this is the DTE plan, this is the ERC plan, this is the DIY plan. Then when can make a decision.

Steve Brock said he didn't think we needed to bring DTE back because we know what they want to do and they answered our questions. Melissa McLaughlin said we could just contact them and ask if certain things can be changed in the contract exhibits. Depending on if they can or can't then we will know what our answer is.

DDA COORDINATOR'S REPORT – May 10, 2019

- **Marlow, Elmhurst and Brookline** – OHM is still getting cost estimates for the paving of these dirt aprons. Once they are finalized I will look them over with our Engineering Division so a recommendation can be given to the board. I expect to have something on the June agenda for these roads.
- **Morrison** - We held a pre-construction meeting with Hutch Paving on April 26. Construction was anticipated to start the week of May 6 however the rainy weather delayed the start date and we are still waiting on MDOT to issue the permit. Once we have an official start date I will send a notice out to the board. Construction will be done in two stages:

Stage one: The west side of Morrison will be closed. Only one-way traffic onto Morrison from Ford Road will be maintained on the east side of the road.

Stage two: The east side of Morrison will be closed. Only one-way traffic onto Morrison from Ford Road will be maintained on the west side of the road.

During both stages of construction, motorists will not be allowed entrance onto Ford Road from Morrison. You can enter Morrison from Ford Road but you will not be able exit onto Ford. Motorists will have to use Morton Taylor and Lilley Roads and detour routes. Construction on this project is anticipated to last four weeks.

- **Marketing Update** – Replacement banners for the 32 lost over the winter arrived this week and will be put up this month. The new ShopCanton Guides were delivered on Wednesday. New Moon picked up 30 boxes and will be distributing them to merchants. The coupons are good until next May. We talked to Doug at Super Bowl, they have a big event in July so we will be putting up signage pushing the mobile app since we will be limited on guides.
- **Shred Event** – The DDA Community Shred event was a huge success! We collected over 16,000 tons of paper without any traffic backups or long waits. Shred IT, the contractor for the event, commented that we definitely needed two trucks. Each holds approximately 55 bins and we were well over 90 bins by the end of the event. BIG thanks to Steve, Bart and Greg who worked the event. They were a huge help and a big reason we never had a traffic back up.
- **New Business Update** –A Certificate of Compliance has been issued for the following business:
 - **Cyclebar** – 41847 Ford Road (indoor exercise facility)
 - **Salon Magik** – 42134 & 42138 Ford Road

ADDITIONAL CITIZENS AND BOARD MEMBER COMMENT

Open board discussion on cross access.

Amy Hamilton said it is still being worked but there is not guarantee. She said a lot of the owners are out of state and many of them see cross access as being a liability. If we could get the one at Lilley is would be huge and they are close to agreeing on it.

Bart Patterson asked if we got the access for the art work placement at Ford and Canton Center Speedway. Amy Hamilton said that we sent them a contract and we are waiting for them to sign it.

ADJOURN

MOTION by Melissa McLaughlin, supported by Laura Giove and Dianne Cojei, to adjourn meeting.

AYES: All present

MEETING ADJOURNED at 10:13 A.M.