

CITY OF BURTON  
SPECIAL COUNCIL MEETING MINUTES  
MAY 12, 2011, 6:00 P.M., COUNCIL CHAMBERS  
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The Special Meeting was called to order by President Steven Heffner at 6:25 p.m.

MEMBERS PRESENT: Heffner, Ellenburg, Martinbianco, O'Keefe, Wells and Smith.

MEMBERS ABSENT: Haskins.

OTHERS PRESENT: Mayor Zelenko, G. Burke-Miller, Controller, G. Kray, DPW Director, and J. Adams, City Clerk.

**PURPOSE OF THE MEETING: Discussion and possible action on application for grant for energy improvements at City Hall, Police & Fire facility and DPW building.**

Mr. Heffner stated the presentation tonight will be by John Blake and his colleague Justin Palm.

**PRESENTATION:**

Justin Palm stated he is Director of Sales and Marketing for LumaSmart. Our headquarters and manufacturing facility is in McComb Township Michigan. He thanked Council for holding this special session. The State of Michigan just put out grant funds up to a million dollars for energy efficient lighting projects. Ninety percent of the equipment is to be paid for by this grant money, the municipality would pay for the other 10% and for the labor part. Most municipalities can usually install most of our energy efficient lighting with their own crews. So really there is no additional labor costs other than that which you already have with maintenance employees that can go in a bucket truck and swap out bulbs.

Mr. Palm stated further, we are one of a handful of manufacturers that manufacture energy efficient lighting products in the State of Michigan. We are one of two that manufacture LED lighting products under one roof in the State of Michigan. We are 22 employees strong, our roots go back about 10 years when we just started making LED lighting products for automotive transportation defense military applications. If you go see a recreational vehicle or truck, we designed and built those taillights 10 years ago. From there the company morphed into retrofitting lights. In 2008, unbeknown to us, the details came out sometime later, we were contracted by Reco & Lamar Advertising to light the world's largest billboard not only with LED lights, but with solar power. That billboard also has to be located in New York City Times Square. We didn't know till about a year ago, that we beat out General Electric Sylvania Phillips for that job because we were the only ones that could come up with a solution that was energy efficient and actually workable from a physical standpoint, given the location and limited amount of sunlight in New York City. We had vast experience in where LEDs work and where they don't, and how to build a quality product.

Mr. Palm stated we brought some of those products with us today. We morphed into a company of what we call a standard product line, from a custom product line. Some of those standard products are area parking lot lights, LED TA tube replacements, spotlights, wall packs that go into factories.

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Mr. Palm continued, we are one of a few businesses that is growing in the State of Michigan. We are doing it without any grant money, without any MEDC help or anything. We have done this on our own two feet and our own hands. We were lucky to run into President Heffner a month ago in Lansing at the MML trade fair. He said we have some lights for you to take a look at and see what the cost savings might be. Eight days ago, this grant opportunity came across our desk and my colleague John Blake, who has been talking to President Heffner, said we have to get this information to him. If anyone can take advantage of this, it is probably the City of Burton.

Mr. Palm said LED lights use 50% to 90% less electricity than conventional lights. Even our florescent replacement is a 50% energy reduction and they last a very long time. Our minimum standard for our company is a 50,000 hour average rate of lifetime. LEDs do not go out like bulbs, they dim over time. The first to go on our lights, the power supply is going to go after 50,000 hours. After 70 or 80,000 hours, you will notice the dimming of our lights is going to need to be replaced, that is 15 to 20 years from now for average use. These lights are very durable. They are environmentally friendly. This is totally green technology. There is no glass, gas or phosphor. All the materials that go into the lights except for the power supplies are fully recyclable. They are solid-state components and made of aluminum. Our director of research and development has been doing LEDs for 25 years back when they only lasted for 3 months at a time. Now, an LED product if you drive it right can last 10, 15, 20, even 30 years.

Mr. Palm said the market and product is there to the point LED is acceptable in the general market place. The purpose of this grant money is to demonstrate to the residents in the State of Michigan that LEDs are right for a lot of applications that may not have been right 4 or 5 years ago.

John Blake, Account Manager for LumaSmart, said when he first met Steve Heffner they discussed street lighting. It is probably not a applicable grant, reason being that street lights are technically owned by Consumers Energy and not the City of Burton. We are working with Consumers Energy on that and Justin has a meeting with them tomorrow. They do have a new program coming out to replace mercury vapor lights with the municipalities within the next year and a half to two years. They will have an option for LED lighting and they will assume some of the costs of that. We don't know all the details yet, but we will forward that to you as soon as we get it. We will have a much better idea, somewhere between 30 and 90 days from now.

Mr. Blake said the position of this grant, to benefit you for your energy maintenance savings, we probably will specifically look at City Hall, the Fire Dpt., Police Dpt., and possibly the DPW. Under this grant, the grants fall between \$30,000 and \$100,000. I think you should position yourself somewhere in the middle of that. There is approximately 15 to 20 grants available, 40% is reserved for non-entitlement areas within Genesee County falling into that 40%, so we need to position ourselves extremely well. The other 60% is for entitlement areas in rural areas specifically.

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Mr. Blake stated further, I would come back to do a complete energy audit of all 3 of your buildings, interior and exterior, and make our presentation based on that. We should review the grant, get our questions together and try and answer them in a timely fashion and set up a meeting to do the energy audit at no cost to you.

Mr. Heffner asked Mayor Zelenko on the best time for the energy audit.

Mayor Zelenko replied Monday through Friday before 3:30 p.m.

Mr. Blake said he would check his calendar and get back with them tomorrow, meet with our facility manager and determine a time when it is feasible for everyone to get together.

Mayor Zelenko asked if there was a charge for the audit.

Mr. Blake responded no there was not a charge. He would personally be doing the audit.

Mayor Zelenko asked if she is going to be required to sign a contract saying you are going to get a percentage of the cost savings we realized from this.

Mr. Blake responded no.

Mr. Smith asked who writes the grant.

Mr. Blake said it would be up to the City of Burton to write the grant. It is a very simplistic form. He has it here for someone to review. We do know grant writers who are used by that service.

Mr. Palm briefly reviewed the writing process.

Mr. Blake said he thinks someone from the City is capable of doing it. It is a very simplistic form and we can assist you with the technical data.

Mr. Palm said all grant requests must be in by May 26<sup>th</sup>. Based on our experience, it is a good idea to get it in a day or 2 early.

Mr. Blake said he has two examples if anyone would like to see them.

Mr. Palm presented to Council various LED lights, and explained uses, benefits and savings.

Mrs. Burke-Miller asked if when we apply for this grant, do we have to put all the money up front. Mr. Blake said you would apply for the grant and they would tell you whether or not the funds are available for you. They would pay you in the first installment 85% with the balance of 15% due at the end of the project.

Mr. Palm said the municipality pays for 10% of the material. Justin stated that typically their business motto is our lights pay for themselves on a maintenance and energy savings. Tyrone Township swapped out 71 fixtures. We saved them \$3,500 a year in electricity and other cost savings. We put together a grid excel spreadsheet showing the existing wattage and here is what you are going to save energy-wise, here is your return on investments.

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Mr. Blake said from your energy bills I can't tell for sure, but there may also be the possibility you would qualify for incentives from Consumers Energy as well, which would probably offset your investment or come very close to it.

AUDIENCE PARTICIPATION: None.

COUNCIL DISCUSSION:

Mr. O'Keefe inquired about other properties and the Fire Stations being looked at.

Mr. Palm said that could be a part of it. Where are your high maintenance cost lights, what are the lights you want to improve, and maybe there are some that are obsolete and you can't find the parts for. All these things we take into consideration and we literally do a walk-through with your facility manager and where the issues are. There are some florescent lights that are very efficient and we might say it isn't a good candidate for LED.

Mr. O'Keefe said it makes sense to him to look at all the facilities of the City.

Mr. Blake stated we need to determine where we can maximize energy and maintenance savings.

Brief discussion ensued regarding interior and exterior lights. Mr. Palm indicated LED lights do very well in cold weather.

Mrs. Ellenburg inquired if the outside lights would be done first.

Mr. Palm acknowledged they would do the outside lights first.

Mr. Blake said typically exteriors have a better payback in the business plan because of its usage.

Mr. Heffner said that he spoke to Mr. Cokely, owner of Genesee Ceramic Tile, and he said they went all LED and they ended up with incentives back from the State and Consumers where they pretty much paid for the lights, and it cut their electric bill in half.

Mr. Blake said for profit businesses also impact deductions that are federally available. He doesn't think it applies for municipalities.

Mr. Palm also stated you have to be careful because it varies from facility to facility what kind of lighting you have, what your current electricity draws, and kilowatt hours.

Mr. O'Keefe said if the due date for the grant is the 26<sup>th</sup>, how long does it take you to do the audit and get it prepared.

Mr. Blake said turn around is pretty quickly. It depends on whether or not we need to factor in an estimate for installation or this is something you will provide.

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Mr. Palm said it also depends on what they discover in the walk-through. We want to do that walk through as soon as possible.

Mr. O'Keefe inquired when they send the audit back, is the installation automatically included. It might be better off to have them do it.

Mr. Palm said you may have guys that have been servicing these fixtures, they know them inside and out and they may be more efficient at it because they know how to get to them, they know where the circuit breakers are.

Mr. Kray said he would like them to include in their audit the cost of installation.

Mr. O'Keefe said they are going to pay 90% and we are going to pay somebody to actually do it. Ten percent versus the 90 percent may be well worth to do it.

Mr. Heffner said you get an overall savings.

Mr. Blake said the installation part you would eventually want to send out for competitive bid after the grant is approved.

Mr. Wells clarified that the grant does not cover the installation.

Mr. Palm said that is correct.

Mr. Blake said 90% of the fixture cost and you have the burden of 10% of the fixture cost plus the cost of the installation. You would also be able to get the incentives from Consumers Energy which could offset a very large portion of the costs.

Brief discussion ensued regarding lights at the Fire Stations. Mr. Wells indicated he believes we already have green technology for the fire stations. Mayor said they meet the LEEDS qualifications for that. They may already be going that route.

Mr. Blake said just because it is a LEED certified project doesn't necessarily mean it is energy efficient.

Mayor Zelenko said she would like them to look at it and when they do their audit and look at the Fire and Police headquarters, we will be able to speak to the Chief.

Mr. Martinbianco said Newkirk Electric who is the low bidder on the lighting.

Mayor Zelenko said we did have a pre-construction meeting on that on some of the IT and lighting. The Fire Chief may have some insight.

Mr. Martinbianco referenced THA to examine that and provide an equivalent substitute.

Mr. Wells said we want to save some money on construction costs and the timing is perfect. We may be able to put an adder on for what we want to do.

COUNCIL ACTION:

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Ellenburg moved and Martinbianco seconded the following motion:

1. Approve and authorize an energy audit by LumaSmart and for Administration to move forward on the energy efficiency and conservation block grant.

Motion carried 6-0.

Meeting adjourned at 7:25 p.m.

Julie Adams, City Clerk