

INNOVATION SNAPSHOTS

A BRIGHT IDEA

Public-private partnership restores light to Detroit's freeways

A few years ago, Detroit's freeway lighting system was in distress. Fixtures were damaged and broken, lights were burned out, and thieves were ripping out valuable copper wire. At one point, 30 percent of the freeway lights in Detroit's tri-county area had gone dark. Getting the lights back on was a top safety priority for the department.

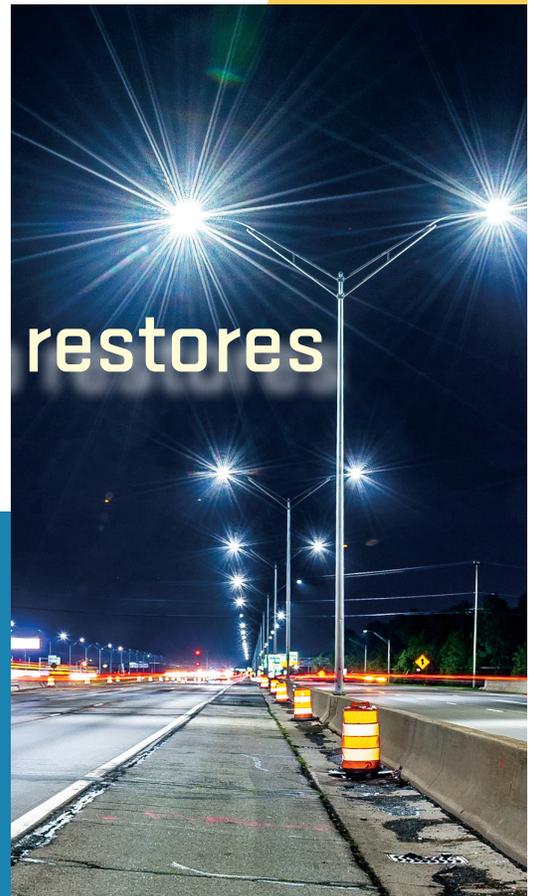
Most of the 15,000 lights on Detroit's freeways were older high-pressure sodium or metal halide fixtures, which are being phased out in favor of energy-efficient light-emitting diode (LED) lights. Replacing the older fixtures with energy-saving designs and installing theft-deterrent measures would yield long-term benefits. To fund the project, the Michigan Department of Transportation (MDOT) turned to an innovative contracting method: a public-private partnership, or P3, that would bring in financing from the private sector. (P3 contracts allow for

greater private-sector involvement in financing and delivering a project than traditional contracts.)

P3s must meet very specific financing requirements, and no state had ever found a way to use a P3 for a freeway lighting project. But MDOT saw an opportunity to use the project's ongoing energy savings as part of a financing mechanism that would give the contractor incentive to make the new system as energy-efficient as possible. "It was exciting to explore the nuances of this contracting method," says Charlie Stein, manager of the Innovative Contracting Unit.

SUCCESS: BRIGHTER, SAFER FREEWAYS

The creative approach worked. With a proposal incorporating several energy-saving and theft-resistant features, a consortium of contractors called Freeway Lighting Partners won the 15-year contract to rebuild and maintain



the lighting system. The P3 approach will save an estimated \$13 million over the life of the contract, and the P3 contract structure builds in a guarantee of high-quality contractor performance, including pay deductions if contract requirements aren't met. This unique P3 – which was also MDOT's first use of P3 contracting – has drawn national attention. Stein reports that several states have contacted him about following MDOT's contracting model for their own freeway lighting projects.



Read more about this project at <http://michiganfreewaylighting.com>

FAST FACTS

\$13 million savings over 15-year contract

Budget constraints prevented traditional contracting

P3 approach allowed private financing solution

For more information, contact mdot-research@michigan.gov.

