

CRAIN'S DETROIT BUSINESS

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Farmington Hills company creates 'smart' streetlights
Businesses see land mines lurking in health bills
Battle expected over taxes, reforms in 2011 state budget

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The 2009 News-makers began to overhaul Detroit Public Schools

\$3M in repairs prep Cobo for auto show

Fixes seen as essential to future of NAIAS

BY NANCY KAFFER
CRAIN'S DETROIT BUSINESS

Pre-North American International Auto Show repairs at Detroit's Cobo Center are complete, and auto show organizers couldn't be more pleased.

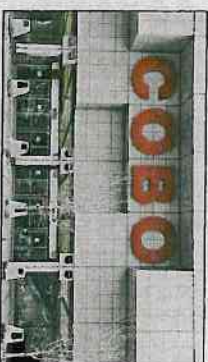
"There had been the discussion about keeping the show at its rightful home, which is of course at Cobo in Detroit, and we've been able to do that because of being able to initiate and complete the first steps of upgrading the facility to be on par with some of the folks on the circuit," said Sam Loicricchio, managing director and head of the global automotive practice for John Bailey & Associates Inc. Public Relations in Troy. Loicricchio handles public relations for the auto show.

Six projects priced at roughly \$3 million were targeted for completion before the show, said Gary Brown, chief construction officer

REPAIR LIST

From roofleaks to electrical distribution, renovations big and small have been under way for weeks at Cobo Center in Detroit, home of the North American International Auto Show this month. Other project areas include:

- Fire system repairs and inspection.
- Air compressor system repairs.
- Fixing water leaks in the cooling system.
- Fixing emergency lights and closed-circuit television monitors.
- Restroom repairs.



ON WITH THE SHOW

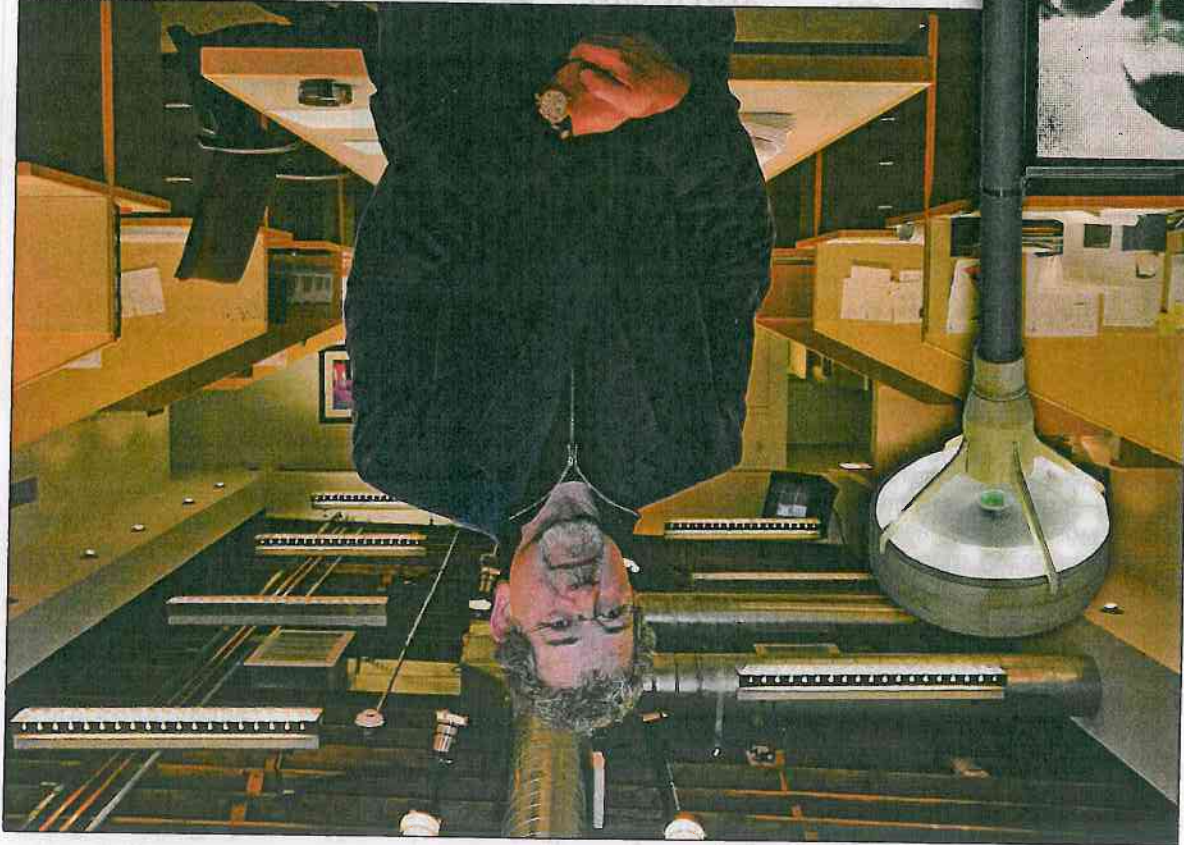
The auto show begins Jan. 11 with the Press Preview. The Industry Preview is Jan. 13-14, the Charity Preview is Jan. 15 and the show is open to the public Jan. 16-24. Details are online at naiaa.com.

obvious," Brown said.

Cobo, which is owned by the city of Detroit, was transferred to a regional authority last summer. Members are appointed by the governor, the mayor of Detroit

Major preshow repairs have been complete since mid-November, when exhibitors began setting up, Brown said. The less-obvious work Brown described include things such as

A light that's bright



NATHAN SKID/CRAIN'S DETROIT BUSINESS
 Ron Harwood, principal and creative director for Farmington Hills-based Illuminating Concepts, says his streetlights can add safety, save costs and reduce electric bills.

Illuminating Concepts develops system of 'smart' streetlights

BY DANIEL DUGAN
 CRAIN'S DETROIT BUSINESS

While most people look at a streetlight and see a metal frame with a light on top, Ron Harwood sees opportunity. As principal and creative director for Farmington Hills-based Illuminating Concepts, Harwood has developed a niche designing LED displays at major entertainment venues such as Comerica Park and the just-opened CityCenter in Las Vegas. But over the past eight years, Harwood and his team have been developing a new streetlight system that he expects to be a revolutionary advance in lighting technology. Called "IntelliStreets," Harwood brings

wireless control to streetlights, combined with the ability to instantly display images or words on an LED display along with music or pre-recorded messages from speakers. The concept has potential for making downtowns livelier with lights and music, but the streetlights also could be used for safety and cost savings. "Imagine someone walking down a path

An illuminating concepts lampost features an LED screen that can display artwork or messages and add additional lighting, all while being controlled wirelessly.

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The report by Senate Finance Committee Director Gary Olson and economist David Zin says that state taxes, very significant additional appropriation reductions will have to be made both the general-fund

and the state's long-term budget deficit. The report says that state taxes, very significant additional appropriation reductions will have to be made both the general-fund and the state's long-term budget deficit. The report says that state taxes, very significant additional appropriation reductions will have to be made both the general-fund and the state's long-term budget deficit.

LANING — Michigan a new year of budget profit but some business groups preparing to hold firm as tax increases and to push acting spending reforms. With an approaching 2011 state budget that even tougher to resolve the current they have work for them for then A De Senate Agency port p Page 18

Power plants: Senate bill would limit scrutiny. Agency port p Page 18

Business stands firm for reform
 Battle over 2011 budget expected

Business stands firm for reform

Streetlights: Smart system developed

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at night and the system detects a person walking and makes the path brighter," Harwood said. "Or a parking lot where the lights dim after the last car leaves.

"The savings produced by using an LED light can be doubled by using this system."

Three patents have been secured for the product, and orders are in negotiation, Harwood said.

He and his team are handling the initial sales, but he is negotiating with three international firms interested in purchasing franchise rights. He would not name the interested buyers but said he is hoping to have the first models installed in Michigan.

"I want them to be here first," he said. "I want them to be made here in Michigan as well. It's important that new jobs created stay here in the state."

Grants are pending with the state of Michigan, the Department of Energy and the Department of Defense.

Illuminating Concepts was founded in 1981 to design specialty lighting displays. The firm has grown in revenue over the past year as it has picked up larger clients.

It had 2008 revenue of \$8.5 million and expects revenue of \$20 million in 2009. The company has just completed its work as executive lighting designer for the 19-million-square-foot CityCenter project in Las Vegas, where it co-

ordinated work with all of the contractors handling lighting projects.

While streetlights seem a long way from projects such as the MGM Grand Detroit, Harwood said it is a natural extension of the software development and lighting know-how his firm has developed.

"That experience we have has been waiting for us to realize there were so many more applications," he said.

The key to the system is the wireless network.

Harwood compares it to the concept that digital animators used in the early days of computer animation; one computer used the excess computing capacity of others in the network.

Likewise, the Intellistreets light poles will create a wireless network by linking to other poles nearby.

With the use of the wireless network, other elements of the invention are possible.

"Up until now, wireless networks have been used to turn things on and off," Harwood said. "That has been extended."

While the speakers on the lights can be programmed to play music, in an emergency a pre-recorded message can be played. The audio message can be illustrated with text or images on large LED displays attached to each light pole.

The poles also contain sensors that can detect harmful gas and

send warnings.

Sensors can also detect detailed information on traffic counts or foot traffic.

While Harwood said universities and governments are prime sales markets, the military also is a strong option. The Intellistreets light poles have defense applications that Harwood would not discuss.

The cost of \$3,000 to \$3,500 per unit is more than the range of \$1,500 to \$2,500 for traditional lights. Harwood said that even with all the technology, the units still use half the electricity.

In addition, the system can be retrofitted to existing streetlights with the speaker and intelligence units built into the head of the light.

The technology of wireless controls for streetlights has a growing demand, but there are still few companies in the market, said Craig Rosenquist, communications product line manager with Raynham, Mass.-based Sunrise Technologies. Sunrise markets a wireless control that can be retrofitted onto an existing streetlight and has been marketing the product around the country.

Users of the service have to weigh the benefits of the technology against the added cost.

"It is a very new technology, a new market," Rosenquist said. "There is not much of it being used yet. It's at its infancy, but there is a lot of potential."

Some elements of the Intellistreets system have been used by other companies, but no company has tied so many elements together like Illuminating Concepts has, said Mike McNalley, director of business energy services for Detroit-based DTE Energy Co., overseeing the company's community lighting department.

"They brought a unique point of view, approaching this not from the view of lighting streets but from the view of a company that does lighting and entertainment," he said.

"They're looking at what they can do to bring people to downtown Plymouth or downtown Detroit rather than how to light the streets."

DTE owns and operates 200,000 streetlights in Michigan and has explored the idea of purchasing the Intellistreets units.

But, McNalley said, the key will be for local governments to be interested in the specific uses.

"We understand light but wouldn't want to operate the emergency system; that would be for the city or township," he said. "And the downtown can get involved with signage."

"So the challenge for Intellistreets will be in knitting together the coalition of all the end users," he said.

That challenge isn't lost on Harwood.

Even after spending almost 10 years developing the system, he knows that the greatest applications of the system are yet to be tapped.

"It's infinite," he said. "And the end users will decide the best ways to use it."

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Reform: Biz stands firm

■ From Page 3

school aid budgets, and the debate between spending cuts and tax increases "is likely to be the major issue" surrounding the fiscal 2011 budget.

The House Fiscal Agency hasn't yet completed its forecast, but it's likely to be in the same ballpark as Senate Fiscal, said state House Fiscal Director Mitchell Bean.

There are discussions of more federal money that could help Michigan and other states through what's dubbed the Jobs for Main Street Act, which includes money for a variety of purposes and was passed by the U.S. House in mid-December.

If eventually signed into law, the bill would give Michigan about \$500 million for schools, Bean said, which "would mean we wouldn't have to cut the school aid budget a great deal" and some \$450 million by extending higher federal Medicaid match rates. That would enable Michigan to use less general-fund money for Medicaid, freeing up money to be used elsewhere in the budget.

But the final outcome of the bill, which has gone to the U.S. Senate, is not certain. And with a Jan. 11 revenue-estimating conference followed by the governor's budget presentation in February, Michigan enters a new budget debate against a backdrop of statewide elections and continued concern and resistance to further cuts in such areas as revenue sharing and Medicaid.

"This last go-round was hard, and it's going to get more difficult as we move forward, unless someone decides that we need to stabilize our tax base, restructure it," Bean said.

One frequently cited issue: The impact of tax exemptions, credits and deductions has steadily increased to eclipse incoming state revenue. State revenue that in 1998 was \$6.8 billion higher than tax expenditures, by 2008 was \$6.3 billion lower than tax expenditures and the gap widened further in 2009, a recent House Fiscal presentation shows.

Another aspect of Michigan's tax base is that residents are spending more of their income than they used to on services, currently not subject to tax.

Gov. Jennifer Granholm touched on tax restructuring at a December press conference, particularly emphasizing the need to put education funding on a more stable foundation through such means as extending Michigan's sales tax to services and possibly lowering the sales tax rate.

Liz Boyd, Granholm's press secretary, said the governor is also interested in eliminating the nearly 22 percent surcharge on the Michigan Business Tax and other structural changes, which she did not specify, that would

funding for both K-12 schools and higher education.

She said the governor and administration have had conversations with members of the business community, including the statewide CEO group Business

Leaders for Michigan. The organization has put forth a broad plan for changes in Michigan's tax structure, reforming government and improving Michigan's economy and educational platform.



"This last go-round was hard, and it's going to get more difficult."

Mitchell Bean,
Michigan House
Fiscal Agency

The group has voiced support for extending the sales tax to consumer services and lowering the 6 percent rate to an undisclosed level, with business-to-business services and some other items excluded from tax. Business Leaders officials were unavailable for comment last week.

But Granholm's comments on tax restructuring have some business officials wary.

"Our experience of tax reform has been that it usually results in higher taxes on our members," said Charlie Owens, director of the National Federation of Independent Business-Michigan.

The NFIB was among 19 groups that made a Capitol push late last year for spending reforms before any tax increases, saying they wouldn't support tax restructuring confined to the goal of raising revenue to maintain the status quo.

Owens said the 2010 message will be the same. While business has yet to see some of the structural spending reforms it's sought, the state's current-year budget contains no broad-based tax increases.

"Balancing the budget in 2009 without a major tax hike and primarily with spending cuts was no small thing. We think it's a big victory for business," Owens said.

"Obviously, the road ahead is going to be more difficult. So there's going to be renewed pressure on the business community," he said. "If anything, we're digging in."

Sarah Hubbard, senior vice president of government relations at the Detroit Regional Chamber, said the chamber's 2009 message of structural reforms before raising taxes is unchanged.

She said the chamber and others in the business community plan to "talk to every legislator by the end of January about what reforms they're interested in. And we'll regroup from there."

And like many in the Capitol, she's watching the calendar and November elections that are likely to overshadow Capitol agendas.

"Every day we get closer to an election is a day that makes it harder to either do reforms or raise taxes," Hubbard said.

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