

The Detroit Thermal VOICE

SECOND QUARTER 2010



DETROIT'S SOURCE FOR SAFE, RELIABLE, COST-EFFECTIVE DISTRICT HEATING

GROWTH & RETENTION

New contract covers eight different buildings

At first glance, the eight Wayne County buildings scattered around downtown Detroit seem to have nothing in common.

Some are at the heart of the area, others on the fringes. Some are relatively new facilities; others have been around for a very long time.

Some were constructed for unique purposes; others have undergone extensive renovations as they were



The Coleman A. Young Municipal Center.



The Frank Murphy Hall of Justice.

changed from one use to another. Some contain typical office space; others house specialized residential facilities.

But the eight buildings have one important thing in common: All are included in the newly signed contract between Detroit Thermal and Wayne County.

The new three-year contract is unusual because it covers buildings in different locations.

"The buildings are not located on one campus; they are not even on the same steam line," said Scott

Barr, Detroit Thermal director of business development. "But because they are all owned by the county and house one kind of county operation or another, we are able to regard them as a single entity."

The contract calls for the buildings to use a total of 170,000 M-pounds of steam per year.

Most of the buildings included in the contract were built to make use of district heating steam. Even the Juvenile Detention Facility located on St. Antoine, which

continued on page 2

BCBSM to return to steam system

Blue Cross Blue Shield of Michigan
is rejoining the city's district
energy system.

After more than 30 years of maintaining its own steam generators to heat the buildings at 500 and 600 East Lafayette, BCBSM is going to use Detroit Thermal as its steam supplier.

"The only thing that will change functionally in the Blue Cross Blue Shield of Michigan system is where the steam comes from," said Scott Barr, Detroit Thermal director of business development. "Most of the internal infrastructure will remain the same."

The buildings were originally

designed to be part of the district energy system, but in the early 1970s the company chose to install its own steam generators. "Generators have a limited life-span, and replacing them is a huge capital expense," Barr explained. "Blue Cross Blue Shield requires a substantial steam load, one we can meet from a nearby line."

Detroit Thermal will install about 30 feet of underground service line that will connect the buildings to a major steam line that is already in place.

"We are extremely pleased to welcome Blue Cross Blue Shield of Michigan and its landmark headquarters buildings to the steam system," said Vic Koppang, president of Detroit Thermal. "The careful analysis that pre-



BCBSM Headquarters building.

ceded this decision is a clear indication that other buildings that have left the steam system over time should consider the benefits of Detroit Thermal steam when investigating energy choices." ■

New contract covers eight different buildings

continued from page 1

Contract covers all

The buildings covered by the recently signed three-year contract between Detroit Thermal and Wayne County include the following facilities:

- Wayne County Department of Public Services
- Wayne County Jail – Baird Facility
- Old Wayne County Jail and Annex
- Frank Murphy Hall of Justice
- Wayne County Medical Examiner's Office
- Wayne County Mental Health Agency
- Juvenile Detention Facility
- The Coleman A. Young Municipal Center

opened in 1999, was constructed to take advantage of the city's district heating system for heat, hot water and food warming. Before the 193,000-square-foot facility was constructed, engineers considered installing boilers but determined that the district steam system was more cost-effective.

The same holds true for the other buildings. "Before we made the decision to renew with Detroit Thermal we did an engineering study of the core group of buildings. The study determined that it was more cost effective to stay on the Detroit Thermal grid for heating and cooling than to switch to self-generation," said Steven M. Collins, Wayne County assistant corporate counsel, real estate and business development department.

By staying on the system, the

county avoided the heavy capital costs of installing boilers and creating a distribution infrastructure, and can take advantage of Detroit Thermal's competitive operating costs.

"Detroit Thermal has proved to be a reliable source of energy," Collins said. "We look forward to continuing to work with the company."

Detroit Thermal is also looking forward to a continuing relationship with the county. "We are very pleased with the new agreement with Wayne County," said Vic Koppang, Detroit Thermal president. "County operations are a significant factor in the economic health of downtown Detroit – and an important customer for our business." ■

SYSTEM IMPROVEMENTS

Distribution center gets an upgrade with employees in mind



Ed Billotti in recently renovated kitchen.

The facility that now serves as home base for Detroit Thermal's distribution operation has been a part of Ed Billotti's life for most of his 53 years. Billotti, a Detroit Thermal steam service technician, grew up right across the street.

"I cut the grass here as a kid and learned to fix and maintain equipment here as an adult," said Billotti. He has worked at the facility, located on East Palmer in Detroit, through four different owners and now is a part of the Detroit Thermal distribution team. The team uses the large yard, garage, office and storage areas of the facility as headquarters for the distribution side of the business.

It is here that trucks, front loaders and other equipment are stored. Here large metal plates used to cover excavations are kept. Here you'll find lumber for bracing manholes; insulation for pipes; and all the valves, bolts, sand, gravel and other equipment and supplies that steam service technicians use to keep the distribution network in top working order.

Here, too, the crews meet every day to discuss their assignments and to share ideas and best practices.

Billotti estimates that it had been more than 20 years since the facility was renovated – until early this spring, when Detroit Thermal undertook an extensive remodeling

project to make it more comfortable for the employees who use it every day.

A full kitchen was installed, replacing an old refrigerator and microwave that had been placed along a wall in the garage. Office areas, meeting spaces, bathrooms, showers and the laundry room were extensively updated.

"Many of the steam service technicians who work out of here work in dirty environments such as in the tunnels and manholes," Billotti said. "The showers and laundry room allow them to clean up and change into street clothes before they go home."

Detroit Thermal, which rents the facility, negotiated a win-win deal with the owners. Detroit Thermal is now paying less per month in rent and using the savings to upgrade the property.

Richard Swanquist, owner of Swan Construction Inc., which handled the renovations, had words of praise for Detroit Thermal.

"The renovations include better lighting, updated plumbing and a better-organized area in which employees can handle reports and other paperwork," Swanquist said. "It's good to see a company making an investment in its employees' environment." ■

UPDATE

REHABILITATION INSTITUTE CONNECTION COMPLETED

Detroit Thermal has completed the installation of nearly 350 feet of new underground pipe that connects the Rehabilitation Institute of Michigan to the large steam line that feeds other buildings in The Detroit Medical Center.

The installation is part of the recently signed 10-year, \$80-million contract between The DMC and Detroit Thermal. The DMC uses Detroit Thermal steam for heat, domestic hot water, medical equipment sterilization, air conditioning and kitchen processes.

The Rehabilitation Institute, located on Mack Avenue on The DMC campus, treats nearly 1,200 inpatients and conducts more than 180,000 outpatient visits each year. It also is a major research center focusing on restoring function, improving quality of life and developing innovative therapeutic techniques.

INDUSTRY MAGAZINE FEATURES DETROIT THERMAL

Detroit Thermal is the subject of the feature story in the latest issue of *District Energy*, the magazine of the International District Energy Association.

The story, "Legacy Systems Present Challenges, Opportunities: TV II saw both in Detroit," focuses on the diverse factors that Thermal Ventures II, LP (TV II) analyzed before buying Detroit's district energy system from DTE Energy (formerly Detroit Edison) in 2003.

"History is both a positive and a negative," Jeffrey Bees, chief executive officer of TV II, says in the article. The magazine goes on to describe how Bees and his team, all of whom have extensive experience in legacy district energy systems, recognized the Detroit system's potential and began a \$34-million capital improvement program as soon as they took over.

The article is posted on Detroit Thermal's web site: www.detroitthermal.com.

A limited number of copies of *District Energy* are available through Detroit Thermal. To request a copy, please contact Kathy Simpson at 313.963.3844.

Volunteers give park a seasonal makeover



Employees, family members and friends participated in the Motor City Makeover.

Forest Park, near the corner of Russell and East Canfield streets, is cleaned up and ready for a summer's use by neighborhood kids.

Seven Detroit Thermal employees, along with employees of the Greater Detroit Resource Recovery Authority (GDRRA) and other local businesses, volunteered in this year's Detroit Motor City Makeover program.

Detroit Thermal also donated the use of much-needed equipment, including a dump truck, a fully equipped distribution box truck, a backhoe and a tractor fitted with a street sweeper.

"We cleaned, weeded, picked up debris, and raked and scraped the baseball diamond and tennis courts," said Paul Razo, Detroit Thermal distribution manager, who organized the company's participation. "It was a lot of work, but we all felt good about it at the end of the day." ■

Detroit Thermal, LLC, provides safe, reliable, cost-effective heating services to more than 140 buildings in the city's central business district. Detroit Thermal is a Thermal Ventures II, LP company.

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