

**MINUTES OF THE SPECIAL COUNCIL MEETING OF THE CITY OF GROSSE POINTE COUNCIL, HELD IN
THE COUNCIL CHAMBERS, 17145 MAUMEE AVENUE, GROSSE POINTE, MICHIGAN ON
MONDAY, MAY 1, 2017.**

Mayor Scrace called the meeting to order at 7:00 p.m.

ROLL CALL

Present: Mayor Scrace, Council Members Boettcher, Parthum, Stempfle, Towkowiak, Turnbull, and Walsh.

Absent: None.

Also Present: Manager Dame, City Attorney Kennedy, Public Services Director Huvaere, Public Safety Director Poloni, Patrick McGow, Robert Bendzinski, Mark Monaghan.

Financing for Public Safety and Services Facility Needs

Manager Dame made the following report.

Last year the City Council identified addressing building facility needs for the Public Safety and Public Services Departments as one of its priorities for 2016-17. A Facilities Committee consisting of Mayor Scrace, Councilmember Walsh, Councilmember Boettcher, Chief Poloni, Director Huvaere and the City Manager has been meeting and working on this issue regularly.

The Facilities Committee reviewed the 2008 Building Condition and Space Needs Study of the existing two buildings. The findings of that study have not changed since 2017. Both Public Safety and Public Works, in each of its current location and facility, are far short of the space they need. Potential options for onsite improvements outlined in that report were not pursued at that time due to the onset of the Great Recession.

It is clear that the existing buildings are inadequate and need replacement. In order to provide top notch services, the City needs facilities that can provide that capability efficiently. Having undergone several renovations since the 1928 Public Safety building was built, it is obsolete and has a patchwork of systems that are difficult to maintain. It is not up to current codes and standards. It cannot be retrofitted to hold a modern size pumper which the City will need to replace over the next several years. Regarding the Public Works facility, the building has seen few improvements since it was built in 1964. It would still be significantly short of the identified space needed for Public Works even if remodeled in its current place as outlined back in 2008 at a cost of \$3.5 million. Having a properly expanded size and equipped building would not fit on the existing site, nor would it fit in with residential neighbors on three sides.

After much research, the recommendation is to construct an entirely new standalone Public Safety building on Mack to house the City's key public safety functions. For both fire and police, a location on Mack would be ideal for fulfilling the objectives of their important public safety mission. The Public Works department is also proposed to be relocated out of its current location and from where equipment is stored at scattered other sites (such as around the cell tower behind CVS) into a new location in an existing warehouse in a nearby community to be renovated to suit this purpose. Finally, on the existing site, the Public Works building would be torn down and additional parking created for City Council and Court functions in the existing Public Safety building. Court offices would be relocated to that building where the Court had historically operated (approximately 15 years ago) and minimally required repairs made to sustain that building potentially for use for storage on the second floor and a shared community space where the fire truck bay is.

The City has utilized an architecture firm that specializes in public facilities to come up with cost estimates for the two facilities.

- The preliminary cost estimate for Public Safety is \$8 million
- The preliminary cost estimate for Public Works is \$6.3 million

The Public Safety estimate includes the costs of fixes to the existing Public Safety building in the range of \$300-500,000. The cost estimates include the "all in" costs including demolition, property acquisition, site preparation, utilities, construction, design/engineering, contingency and furnishings.

Bendzinski & Co., the City's long-term financial advisory firm, has prepared six different scenarios of three different lengths to consider for bonding for these improvements. Approximately \$1.575 million (or 25%) of the Public Works project would be paid for from reserves in the Water and Sewer Fund, so the bond amount estimated to be needed for these projects is \$12.725 million. These scenarios include the costs noted above as well as the cost of issuing a single bond for both facilities, for a savings of \$50,000 and a total bond issue including costs of \$12.965 million. Each of the scenarios defer principal payments until after the existing voter approved facility bond for the pool expires, thereby smoothing out the required millage to pay back the bonds over time to various degrees. It should be noted that for planning purposes the interest rate is conservatively assumed at 4.5%, which is higher than the 3.08% true interest rate the City just obtained on a 20 year water bond. This proposed bond will require voter approval to authorize a millage to repay them.

Bonding options were considered. It was noted that for each mill levied, it costs \$125 annually for the cost of the Grosse Pointe home with \$250,000 market value (more specifically at \$125,000 taxable value). For reference, a levy of 1 mill generated \$331,000 in 2016. If 1.7 mills were added to the tax bill, the estimated cost to that median Grosse Pointe house value of \$250,000 would be \$212.50 annually.

Bond/Financial Advisor Bendzinski commented on various financial projections he had submitted to Council. Mr. Bendzinski noted that his projected interest rates were higher than current rates as a conservative assumption.

Special Board Counsel McGow discussed the ballot process and required ballot language with respect to the proposed "Headlee" override.

Discussion ensued with respect to the trade-off between equalizing the tax burden over the term of the bonds versus minimizing total interest payments by shortening the bond term.

Motion by Council Member Walsh, second by Council Member Parthum, to approve bond term scenario #7; i.e. 22-23 years.

ROLL CALL VOTE

Aye: Council Members Parthum, Stempfle, Tomkowiak, Turnbull, Walsh, Mayor Scrace.
Nay: Council Member Boettcher.

Motion Carries 6 to 1.

Motion by Councilmember Parthum, second by Councilmember Stempfle, to go into closed session to discuss property acquisition.

ROLL CALL VOTE

Aye: Council Members Boettcher, Parthum, Stempfle, Tomkowiak, Turnbull, Walsh, Mayor Scrace.
Nay: None.

Motion Carries 7 to 0.

Council met in closed session from 7:30 p.m. to 7:52 p.m.

On motion, second, and unanimous vote, the meeting was adjourned at 7:53 p.m.

Acting Secretary to the Grosse Pointe City Council

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