

MINUTES OF THE MEETING OF THE COMMITTEE-OF-THE-WHOLE OF THE CITY OF GROSSE POINTE WOODS HELD ON MONDAY, APRIL 24, 2017, IN THE CONFERENCE ROOM OF THE MUNICIPAL BUILDING, 20025 MACK AVENUE, GROSSE POINTE WOODS, MICHIGAN.

PRESENT: Mayor Novitke
Council Members Bryant, Granger, Ketels, Shetler
ABSENT: Koester (arrived at 6:18 p.m.), McConaghy (arrived at 8:30 p.m.)

ALSO PRESENT: City Administrator Smith
City Clerk Hathaway
Director of Public Services Schulte
Recreation Supervisor Byron

Also present were Pat McGow, Bond Counsel, and Bob Bendzinski, Finance Advisor.

Mayor Novitke called the meeting to order at 6:11 p.m.

Motion by Bryant, seconded by Ketels, that Members Koester and McConaghy be excused from tonight's meeting.

Motion carried by the following vote:

Yes: Bryant, Granger, Ketels, Novitke, Shetler
No: None
Absent: Koester, McConaghy

Motion by Bryant, seconded by Granger, that all items on tonight's agenda be received, placed on file, and taken in order of appearance.

Motion carried by the following vote:

Yes: Bryant, Granger, Ketels, Novitke, Shetler
No: None
Absent: Koester, McConaghy

The first item on tonight's agenda was regarding **bonding** for the purpose of necessary municipal improvements. The Mayor discussed costs and stated the Committee needed to determine a list of necessary projects that could be included in a bond, rather than taking money out of the fund balance. The list presented with the agenda did not include a new 911 system at a cost of \$130,000.00, nor two (2) leaf machines at a cost of \$150,000.00. Mr. Bendzinski stated the 911 system and two multi-purpose vehicles used for leaves, grass cutting, and snow could be included in bonding at a lesser cost than financing. There was a consensus of the Committee to include a new 911 system in the bond. The City Administrator stated that the new 911 system, it has the capability to be expanded to Next Generation 911 in the future. Mr. McGow stated that the bond would be paid over twenty years with the exception of the 911 System, which must be paid in five years. Discussion ensued regarding longevity of existing equipment including the street sweeper. The Director of Public Services recommended purchasing two leaf machines to save on staff time, and because the machines have multi-use capabilities.

Discussion then ensued regarding the rest of the projects on the list. A question arose regarding \$880,000.00 for repaving the public works yard, and the Director recommended doing the entire yard at one time. Mr. McGow stated by issuing bonds in more than one series, projects could be spread out over time.

Mr. Bendzinski stated for total bonding in the amount of \$3,569,000.00 including \$100,000 in bonding fees, the annual payments would be \$270,000.00 at 4% for twenty years. The Treasurer/Comptroller stated the unencumbered fund balance is at \$4.6 million. Once eliminating the roof and HVAC for City Hall from the proposed FY 2017/18 budget, funds needed from the fund balance would be \$300,000.00 for each year.

Mr. McGow stated when going out for a bond, it is more efficient to include capital improvements in the bond as opposed to separately financing the projects, and that legally the City is only able to bond if the projects are capital improvements, and not operational or maintenance projects. He questioned mortar work and remodeling/painting projects on the list, and stated the City is allowed to finance items for no longer than the useful life. He questioned tuck pointing, repainting city hall, and absent voter office projects.

The Mayor queried the Committee regarding which of the listed projects should be included in bonding. There was a majority consensus of the Committee to include the two (2) leaf vehicles at \$350,000.00, 911 system at \$130,000.00, bonding costs at \$100,000.00, City Hall Roof/HVAC at \$715,000.00, and the bathhouse boiler at \$60,000.00. The Treasurer/Comptroller was asked to back these items out of the proposed FY 2017/18 budget.

Discussion continued regarding bonding with and without vote of the people. McGow stated capital improvement bonds can be issued without a vote of the people, and timing is a factor at this point to go for a vote of the people. Ballot wording of proposals qualified to appear on the ballot must be certified to the Clerk by May 16, 2017, for the August 8th Primary Election, and by August 15th for the November 7th General Election. The process without a vote of the people, generally, would be that Council would need to adopt a Notice of Intent Resolution and publish it in the paper offering the people (10%) 45 days to file a referendum. He stated bonds may be staggered and issued in one or more series with a timetable of roughly 180 days. He further stated that the City's bond rating will not change regardless of whether it goes to a vote, and that every million dollars bonded will require repayment of about \$75,000.00 per year.

The Chair recessed the Committee-of-the-Whole Meeting at 7:28 p.m., and reconvened at 8:30 p.m. Council Member McConaghy was now in attendance.

The Chair recapped the earlier meeting; that there was a majority consensus of the Committee to move forward with bonding the 911 system at \$130,000.00; two (2) leaf vehicles at \$175,000.00 each or \$350,000.00 total, and bonding fees at approximately \$100,000.00 including Mr. Bendzinski and Mr. McGow, City Hall roof/HVAC at \$715,000.00, and bath house boiler at \$60,000.00 totaling approximately \$1.4 million.

The Chair focused on identifying a list of projects that would be included in bonding, and to determine whether to obtain a vote of the people. These decisions will impact the proposed budget. Further discussion and review of the list ensued. Each of the remaining projects were

reviewed and although some projects were not included in bonding, such as the municipal complex tuck pointing at \$7,000.00, repainting of City Hall at \$55,000.00, asphalt rear public works yard at \$880,000.00, and boardwalk path lighting, administration was asked to give these projects additional attention because something needs to be done with each of these projects. Following further discussion, the Committee determined that all roof projects would be included as well as all parking lot projects. There was a consensus to use crushed stone rather than asphalt in the rear public works yard. There was a consensus of the Committee to bond for up to \$2.2 million. Administration was asked to look at the budget to see if additional items can be trimmed. Administration was asked to provide additional cost savings, and alternative funding that would support a \$175,000.00 per year payment for the bonds.

The Chair summarized the majority consensus of the Committee was to bond the following projects at a total cost estimated at \$2,180,140.00:

1. 911 System - \$130,000.00;
2. Two (2) leaf vehicles at \$175,000.00 each - \$350,000.00;
3. Bonding fees - \$100,000.00;
4. City Hall Roof/HVAC - \$715,000.00;
5. Police Garage Roof - \$22,000.00;
6. Public Works Administration Building Roof - \$20,000.00;
7. City Hall Parking Lots - \$280,000.00;
8. Public Works Parking Lot - \$88,000.00;
9. Ghesquiere Park Jackson Lot - \$48,000.00;
10. Ghesquiere Park Bramcaster Lot - \$36,000.00;
11. Lake Front Park Bath House Roof - \$331,140.00;
12. Lake Front Park Bath House Boiler - \$60,000.00.

Next, the review of the **2017/18 budget books** was referred to the May 1st Committee-of-the-Whole meeting to start at 6 p.m.

Hearing no objections, the following item was discussed under New Business:

- The Treasurer/Comptroller provided an update regarding payroll withholding correction actual costs, stating that through April 24, 2017, totaled \$33,010.65.

Motion by Granger, seconded by Bryant, that the meeting of the Committee-of-the-Whole be adjourned at 9:43 p.m. PASSED UNANIMOUSLY.

Respectfully submitted,

Lisa Kay Hathaway
City Clerk

Robert E. Novitke
Mayor