

**MINUTES
CITY COUNCIL STUDY SESSION
CITY OF ST. CLAIR SHORES
27600 JEFFERSON CIRCLE DRIVE
ST. CLAIR SHORES, MI 48081**

Monday, June 22, 2009

PRESENT:

Mayor
Council Members

Robert A. Hison
Matthew S. Ahearn
Ronald J. Frederick
Beverly McFadyen
Mark J. Moffitt
David J. Rubello
Kip C. Walby

ALSO PRESENT:

City Manager
City Clerk
City Attorney
Finance Director/Treasurer
Community Development Director
Building Maintenance Supervisor
40th District Court Judge
40th District Court Judge
Court Administrator
Communications Director
Recording Secretary

Kenneth R. Podolski
Mary A. Kotowski
Robert D. Ihrie
Tim Haney
Chris Rayes
Sandra Wolny
Judge Mark Fratarcangeli
Judge Joseph C. Oster
Carolyn Povich
Mary Jane D'Herde
Raluca Munteanu

CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Mayor Hison called the meeting to order at 7:00 p.m. Ms. Kotowski, City Clerk, called the roll with a quorum present. The Pledge of Allegiance was recited by those in attendance.

1. PLANTE MORAN CRESA PRESENTATION ON THE COURT BUILDING

Mr. David Asker, Plante Moran Cresa, presented findings on the feasibility study regarding the 40th District Court Building. The three questions to be answered are the size of the facility, the cost and how to finance it. Plante Moran Cresa has been working with the Court and created three alternatives within a price range that they can afford.

Ms. Alicia Washeleski, Plante Moran Cresa, described the current facility as a 9,700 square feet building with limited conference rooms, no jury deliberation space and inadequate space for client and attorney interaction. The building was constructed in 1931 as a water department with a renovation and expansion in 1978. The facility is not fully ADA compliant and its energy systems are not efficient. The biggest flaw of the current Court building is the cross circulation of staff, public and prisoners, which is a serious security issue.

Ms. Washeleski demonstrated three alternatives: total replacement – single story building, addition and renovation – single story, and addition and renovation – two story. The first option is a 15,800 square feet facility on the existing site with full demolition of the old building. The cost is between \$4,150,000 and \$4,575,000 and it can take up to 32 months to implement. This alternative will separate the circulation of staff, public and prisoners, but there will be less parking than currently exists.

Second alternative is a 15,700 square feet single story facility. This instates the addition of a new single story structure for support services and renovation of current Court rooms. The addition will be installed on the west side of the existing building. The cost of the project will be between \$4,000,000 and \$4,375,000 and it can take up to 36 months to complete. This idea provides additional space, however it does not solve the security issue and will impact staff during construction.

A third alternative is a two story addition and renovation. Total space will be 17,500 square feet at a cost between \$4,850,000 and \$5,350,000. The project can take up to 36 months and it will significantly impact the Court's operations during construction. The security issue will be resolved and all court rooms will be new; however, the two story layout is not as efficient as a single story.

1. PLANTE MORAN CRESA PRESENTATION ON THE COURT BUILDING cont'd.

Mr. Asker stated that with revenue estimates to make a \$190,000 annual payment, the Court can afford a project around \$4,500,000. Looking at the three alternatives, the most effective is the first alternative, complete demolition and new one story Court building. One option to finance the project is using Build America Bonds. These are bonds issued on a taxable basis where the Federal Government picks up 35% of interest costs over the life of the issue. This allows the City to stretch the dollar amount further.

Mr. Asker confirmed the next few steps of this project as the engagement of an Independent Project Manager, additional site due diligence, review and revise project costs based on soil borings outcome, approval of final project budget, selection of project architect, and finally the facility design, with an estimated cost of \$300,000. The project is done in steps and does not require full commitment right away.

Mrs. McFadyen inquired about using Brownfield Redevelopment tax credits for funding the project. Mr. Asker replied that normally such credits are given to the private sector and not to a tax exempt entity. Block Grant money and energy saving credits can be used for renovations to existing facilities.

Mr. Walby questioned the time it takes to have the final design ready. Mr. Asker estimated about a year and it is part of the entire project's cost estimate. As to the Build America Bonds, there is no financing limit, but it's a new program and they are constantly looking into it. The bond would be a 30 year bond, and per Mr. Haney, the financing can be done because the building is intended to last more than the length of the bond.

Mr. Haney stated that the Court Building Fund contains approximately \$1.5 million which can not be used for other departments or General Fund items. The City will be the debt holder, but no General Fund dollars will be used for this project.

Mr. Frederick asked about a comparison of current and future operating costs. Ms. Washeleski responded that the new systems will be more efficient and decrease the operating costs, in regards to heating and cooling. She added that the total project cost is a complete cost; it includes all fees, such as move services, demolition, architectural services, additional furniture and professional fees.

Mr. Asker informed the audience that based on the debt service that the Court can comfortably afford, they've looked at what bonds will solve the financing. The debt schedule also depends on the rate structure at the time. Currently, it would be safe to use up to \$250,000 from the current Court Building Fund towards the project.

Mr. Asker added that it's important to take advantage of the good prices in the construction market and the Build America Bonds. Currently tax exempt bonds are 5.25% with an effective rate of below 5%. The shelf life of final plans for the project would be three to five years.

Judge Oster stated that the current building has major deficiencies, there's been a clear need for renovations for a long time and the security issues create an unsafe environment in the Court building. The money accumulating every year in the Court Building Fund can be used for fixing up the building, but it will not fulfill the issues to have a safe community Court House. Judge Oster acknowledged that the brand new one story building is a smoother transition with a less expensive building.

Mr. Podolski clarified that the project will be funded through the dedicated Court Building Fund. There will be no General Fund dollars used. The fund was started in the early 1990's and it's generating excess money to use down the road, specifically for the building.

Mr. Frederick inquired about other potential sites for the project, in case the soil borings test came negative. Mr. Asker acknowledged that at this time, the existing site was the only one researched. There have been preliminary tests for this site, and it seems that the existing location is feasible.

Mayor Hison informed the Council members that a consensus is needed whether or not to take the next step of this project. Mr. Podolski added that it would have to be done on a regular City Council agenda. All Council members agreed to recommend going forward with the next step and that this item be placed on a future City Council agenda.

2. HONEYWELL CONTRACT

Ms. Wolny, Building Maintenance Director, announced that the Honeywell contract will expire in August of this year. An independent mechanical engineering firm, Wolf Wineman, was hired to assess the City's heating and cooling systems, report the condition of the equipment, whether or not the systems can run independently and what would it cost to convert from the current proprietary system.

2. HONEYWELL CONTRACT cont'd.

The City contracted with Honeywell in the 1980's at a time when the City was experiencing financial difficulty and equipment was in need of replacement. Throughout the years, we were able to remove services and buildings from the contract reflecting major cost savings. The current system is operated by pneumatic and/or direct digital control equipment run by Honeywell software. Per Wolf Wineman's report, it would cost \$545,000 to convert from the current proprietary system.

Ms. Wolny stated that if the City were to bid out the system, Honeywell would be the least expensive, and they could possibly increase their rates knowing they have room to do it.

Mr. Michael DeHart, President of Wolf Wineman, informed the audience that the existing system is a proprietary system. Honeywell monitors temperatures and alarms from a remote site. There are new non-proprietary systems out there, but no matter how generic they try to make them, compatibility issues will still exist. To switch to a non-proprietary system, the software and hardware required will cost \$545,000.

Ms. Wolny stated that if the City was not in a contract, it would have to pay about \$40,000 for parts and \$125,000 for labor hours. However, with Honeywell's contract we save energy and money. If the contract is renewed, the price will be less than \$160,000 per year, including maintenance and moving parts, and they are willing to go year by year. If we take more buildings off the centralized system, the price will decrease as Honeywell would not be responsible for them. Mr. DeHart stated that facilities can be independently monitored through an IT based program.

Mr. Walby inquired about grant money received for heating and cooling systems. Mr. Rayes responded that the City just turned in the application and has not yet decided how to use the funds to save on energy bills.

Mr. Podolski clarified that it's not the City's goal to eliminate the proprietary system, because some buildings need to have centralized control, but it seems feasible to get off the proprietary system in time, with buildings with 24 hour operation. The City can use its maintenance team to control and repair some of the heating and cooling. In the future, buildings that do not need to be on the centralized systems will be removed from the contract and receive a reduction in price.

Mayor Hison stated that the contract renewal will have to come before City Council on a regular agenda. The City needs more time, and down the road different parts of the system can be bid out. The certification needed to work on heating and cooling systems and the short personnel in the maintenance department should be taken in consideration.

Mayor Hison announced that this item will be brought back for formal Council action on the July 6, 2009 Agenda.

3. AUDIENCE PARTICIPATION

Jim Goodfellow, 22476 Lakeland, addressed his concern with the price of the Court building project. From his calculations, it should roughly cost \$2,000,000.

George Recor, 31651 Couchez, suggested testing out the ground to see if a tunnel can be constructed to connect the Police Department and the Court House. This area can also be used for storage.

Sue Jesion, 21308 Raymond, stated the City should try to keep the money in Michigan when issuing bonds. Mayor Hison replied that we try to, but the City looks for the best rate.

4. ADJOURNMENT

Motion by Walby, seconded by Frederick to adjourn the meeting at 8:36 p.m.

Ayes: All (7)

(THE PRECEDING MINUTES ARE A SYNOPSIS OF A CITY COUNCIL MEETING AND DO NOT REPRESENT A VERBATIM RECORD.)

ROBERT A HISON, MAYOR

MARY A. KOTOWSKI, CITY CLERK