

CITY OF BURTON
FINANCE SUB-COMMITTEE MEETING MINUTES
MARCH 27, 2000, 5:00 P.M., COUNCIL CHAMBERS

The Finance Committee Meeting was called to order by Bob Centilli, Chairman, at 5:03 P.M.

MEMBERS PRESENT: Brawner, Centilli and Tinnin.

MEMBERS ABSENT: None.

OTHERS PRESENT: B. Becker, Treasurer/Controller and C. Ladd, Deputy City Clerk.

PURPOSE OF THE MEETING: DISCUSSION AND POSSIBLE RECOMMENDATIONS CONCERNING
ARCHITECTURAL SERVICES FOR ADDITION AND
RENOVATIONS TO CITY HALL. CONCEPT STUDY

PRESENTATION:

There was no presentation given.

AUDIENCE PARTICIPATION:

Pauline Dargel, 6119 Hugh St., Burton, asked if the Committee had some memorandums that would show a need for storage and other reasons why the expansion of the city hall is necessary.

Mr. Centilli replied that the Council appointed a Citizen's Committee at the last Council Meeting to determine what the expansion needs of the City may be.

Mrs. Tinnin offered detailed information concerning the architectural services from Ted Hu Associates.

Mr. Centilli suggested providing Mrs. Dargel with a copy of the information from Mr. Hu.

Mrs. Dargel said Mr. Hu has been before the City Planning Commission previously and was the architect who did the plan for the Bentley Administration building. His credentials were not being questioned. She said she thought there may be some justifications for the request to expand, but apparently the Committee has nothing.

Larry Petrella, 1081 Howe Rd., asked if any thought had been given to advertising for someone to come forward and be appointed to the Citizen's Committee, rather than to keep appointing people who have previously served in some capacity.

Mr. Centilli replied that the Finance Committee had nothing to do with appointing the Citizen's Committee.

Mr. Petrella asked if the appointments were made through the Mayor.

Mr. Centilli replied that the Council approved the committee members.

Mr. Brawner stated that Mrs. Zelenko, the Council President, and not the Mayor made the appointments.

Mr. Petrella said he would like to see people on the committees who are not connected so closely with the administration.

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Mr. Centilli replied that these are people who are familiar with the field of construction and architectural services.

Mr. Petrella said these people should be an advisory board and not on the committee.

Mr. Petrella also inquired about how he could obtain information concerning the recycling budget. He said he has asked for the information at a previous meeting.

Mr. Centilli said he would get the information regarding the recycling.

Mr. Petrella asked if the architectural services were put out for bid. He also asked if there was a certain time line to the project. He also asked for a copy of the information from Mr. Hu.

Mr. Centilli stated that the City doesn't take bids for professional services. We have not appointed any architect to do anything at this particular time. There is no time line, it's just a study. Mr. Centilli also gave Mr. Petrella a copy of Mr. Hu's background.

COMMITTEE DISCUSSION:

Mrs. Tinnin asked Mr. Becker a series of questions regarding the type of bonds for a project of this nature. She asked the following questions concerning finances: How much the City would want to borrow; what conditions do we want to issue the additional debt for; do we need to develop a funding priority that permits ranking of the proposed projects.

Mr. Becker explained that there have been some shortcomings in City Hall for quite sometime. Storage has been an ongoing issue with City Hall staff, even with the use of microfiche and the like. We are finding that with the needs of city hall, we are expanding beyond what the building was constructed for in the early 1970's. We are uncertain as to what amount of expansion will be done to accommodate our needs.

Mr. Becker explained that the financing would be done through the Burton Building Authority, which was created on June 2, 1987. The Building Authority was created especially for the financing of the police/fire facility, under Public Act 31. This Board is a separate entity, even though the five-member body is appointed by the City Council. The City Clerk, as well as myself is on the Board. Mr. Becker read Article III from the Public Act, which states the purpose for a Building Authority. It also has the ability to sell bonds without the vote of the people. The method of repayment, under the law, is that the Building Authority would own the building with a lease agreement with the City of Burton. The City would then make annual lease payments equal to the bond and interest payments of the Building Authority. When those bonds are retired, then the Building Authority, for one dollar, will deed the property over to the City of Burton. Mr. Becker reviewed the history of Building Authority functions when the police/fire facility was constructed and explained the existing debt of the City to the Building Authority.

Mr. Becker said the City has spoken with the financial advisor to try to determine what kind of costs would be involved if city hall were expanded. The Building Authority is separate and distinct from our sewer bond debt, Schram Drain debt and our special assessment debt. The only ability to pay that we need is that the general fund will have to be able to make those lease payments to the Building Authority equal to the amount of the bond and interest payments. Part of that lease agreement is that the City of Burton will maintain the structure until such time as they take ownership of the structure at the end of the bond issue.

Mrs. Tinnin asked if Mr. Becker thought the general fund could absorb these payments at this time. She also asked if he thought one million dollars would be enough money.

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Mr. Becker said the rates are gradually going up, but there are still depressed levels at this point. Last year we sold water revenue bonds and we also sold a large amount of major street bonds because the market was right and still hasn't changed much from then. He also said that currently we have \$1.9 million in the general fund and with the Mayor's budget proposal you will still see a substantial fund balance even after what is proposed for the upcoming 2000-2001 fiscal year. At the end of October, 2007, you will have potentially \$130,000.00 or so, that will not be an obligation to the police and fire department. We are talking about a narrow period of time, depending on how quickly the process goes. There is a time frame that is automatically involved and the first payment would probably not have to be made until late 2001. Mr. Becker said he is not certain what the project would cost. This is something the committee and the architect would have to decide.

Mrs. Tinnin said she has a copy from DuPuis & Ryden regarding that in 2002, the long-term liabilities have to be reported within the funds versus the long-term debt account group. How will this affect us, will this alter the bond rating?

Mr. Becker said no he this that is a lot of work for very little benefit. The State of Michigan Treasury Department and Some of the other ones that actually require our financial reports (GASBY 34), some of the states may find that it is too labor intensive for the benefit that is received.

Mrs. Tinnin asked if the \$5,000.00 is approved for renovations, would the City get any of this money returned.

Mr. Becker said it would depend upon the timing of the actual construction.

Mr. Centilli said he would like to recommend that the newly appointed Citizen's Committee be instrumental in selecting the architectural firm to do the study, if we are in favor of the funds.

Mr. Brawner said he doesn't foresee this project moving very quickly, with the Citizen's Committee being responsible for so many details. I don't see this happening until early next year.

Mr. Becker said the Building Authority doesn't get involved until the time that someone goes to them and says they are proposing a project. All they are is a financing tool and Mr. Brawner is familiar with how long it took to get the police/fire facility started, about 18 months.

Mr. Centilli said there wouldn't be a cost estimate until there is a study done, drawings and bids taken on the project.

Mr. Brawner asked who would select the architect if the Council transfers the money for the study.

Mr. Centilli said he thinks the Citizen's Committee should select the architect.

Mrs. Tinnin asked if it is necessary to transfer the \$5,000.00 to City Hall & Grounds.

Mr. Becker replied yes, if we incur the expense prior to June 30th, because one of the areas we have charged the contractual computer position has been out of City Hall. That particular line item can't afford any additional cost. Again, this depends on how fast the architect is selected and how fast they perform their duties and how quick they respond to payment.

Mr. Centilli asked who in the past selected the professional services for bids.

Mr. Becker said usually if the professionals have an interest in the City, they come forward and address those interests with the City. In this particular case, according to the minutes, Rowe, Inc suggested Architect Ted Hu.

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Mrs. Tinnin asked if is normal procedure for this kind of service to be bid on or for the administration to decide.

Mr. Becker said professional services are normally not bid by the City for the areas of Legal, CPA, Architectural and Engineering services.

Mrs. Tinnin asked that if the motion was passed to allow the Citizen's Committee to select the architect, then they would make the selection, correct?

Mr. Becker replied that he thinks they would bring back a recommendation for final approval by the City Council. This is my guess.

COMMITTEE RECOMMENDATIONS:

Brawner moved and Centilli seconded the following motion:

1. Approve and authorize the transfer of funds of \$5,000.00 from General Fund-Contingency to City Hall-Contractual Services, for city hall expansion architectural services.
Motion carried 3-0.

Tinnin moved and Brawner seconded the following motion:

2. Approve and authorize the Citizen's Committee to recommend the architect to do the preliminary drawings for the conceptual study for the addition and renovations to City Hall.
Motion carried 3-0.

Meeting Adjourned at 5:40 P.M.

Cheryl M. Ladd, CMC/AAE
Deputy City Clerk

CML