



# **CITY OF BERKLEY CITY COUNCIL WORK SESSION: CAPITAL IMPROVEMENTS**

Public Safety Building, 2<sup>nd</sup> Floor Conference room  
August 25, 2017

**Phil O'Dwyer, Mayor**  
**Matthew Baumgarten, City Manager**

# AGENDA

## HAZARDOUS MITIGATION PLAN BRIEFING

## MUNICIPAL BUILDING CAPITAL IMPROVEMENTS

- *Citizen Advisory Committee Recommendations*
- *Community Center & Ice Arena*
  - *Current state – budget impacts*
  - *Future*
- *City Hall & Historic Fire Hall*
  - *Next steps*

## COMMUNITY DEVELOPMENT DEPARTMENT

- *Director position highlights*
  - *Full time vs part time position*
  - *Budget impacts*

## DISCUSSION, SUMMARY & NEXT STEPS

# WORK SESSION OBJECTIVES

Matt Baumgarten

# OBJECTIVES

## Review CAC Committee Recommendations

- **Confirm next steps for capital building improvements**
- **“Go” or “No Go” for new Community Center and City Hall renovation**
  - If “Go”, finalize funding strategy for one or both facilities
- **Ice arena – future state**
  - Viability? Decommission? When?*
- **Consider funding Community Development Department Director position**
  - Full time or part-time?



# **Citizens Advisory Committee Recommendations**



# CAC Recommendations: Water

Add a capital improvement component to future water bills using the funding method recommended by Plante Moran, using a calculation to achieve an annual collection not to exceed 110% of the water main replacement cost for the 2017 Harvard Rd. Project:

- Rate should be the same for all future years; used for capital improvements only (not routine maintenance/repair).
- Capital improvement to water mains coincide with capital improvements to roads whenever possible.
- Capital improvements to be made on at least 0.5 miles of water main per year, and more when possible.

# CAC Recommendations: Local Roads

Place on the ballot a 10 year capital improvement millage for roads in the amount of 2 mils.

- If approved, the millage would be added to resident's winter property tax bill and used for capital improvements only (not routine maintenance/repair).
- Capital improvements to roads should coincide with capital improvements to water mains whenever possible.

# CAC Recommendations: Municipal Buildings

## **Community Center** (unanimous)

Place on the ballot, a bond millage for the construction of a new Community Center, as identified as option 1B in the recent Stantec land usage report.

## **City Hall/Historic Firehouse** (unanimous)

Place on the ballot, a bond millage for the renovation and remodeling of City Hall and the Historic Firehouse, in an amount not to exceed \$4,500,000.

## **Ballot** (majority)

By majority vote, the CAC also recommends that any ballot proposals related to these, or its previous recommendations, be placed on the ballot as separate ballot proposals.



# Capital Projects - Estimated Costs

Project	Estimates Cost
Roads & Water Infrastructure	<b>2 mills/yr</b> recommended
Community Center Complex <i>Includes ice arena (Option B)</i>	<b>\$13-18 Million</b>
City Hall / Fire Hall	<b>\$4.5 Million</b>
Total <i>(buildings only)</i>	<b>\$4.5 – \$18 Million</b>

# Funding Strategy: Mills vs Debt Levy

Sabrina Lilla

# Extra Voted Mills or Debt Levy

## Extra Voted Mills:

- CIP Levy
- Municipal Street Levy (can be voted into the charter OR established for a specific time period)

## Debt Levy (Bond):

- Voter approval to issue debt and authorizes City to levy a tax to pay the principal and interest of the bond

# Capital Improvement Levy: Pros & Cons

## Pros

- Consistent, predictable mill rate each year
- Save on interest costs
- Current generations paying for current improvements

## Cons

- Subject to Headlee rollback
- Pay as you go funding of capital improvements
- Takes time to build up the funds needed

# Major and Local Roads CAC Recommendation: 2 Mils, 10 Years

- Generates approx. \$10.1 M over 10 years, or \$1 M annually
- 2.0 mils (*subject to Headlee rollbacks*)  
*In year 10, mil rate is estimated to be 1.5954*
- Additional annual cost for property owners: **\$150**
- Cumulative cost to property owner over 10 years = **\$1,500**

*Based on residential property value = \$150,000*

*Taxable value = \$75,000*

# Municipal Buildings: Debt Options – How Much for How Long?

## \$18 M Bond, 4%

- Generates \$18 M
- Mill rates range from 2.25 – 3.22
- Additional annual cost for property owners: **\$113 - \$161**
- Cumulative property owner cost over 15 years = **\$3,200**

## 15 Yr. CIP Levy

- Generates \$18 M, approx. \$1,200,000 annually for buildings
- 2.2 mill annual levy (subject to Headlee rollbacks)
- Additional annual cost for property owners: **\$165**
- Cumulative property owner cost over 15 years = **\$2,475**

*Based on residential property value = \$150,000  
Taxable value = \$75,000*



# Impact of CAC Recommendations

## **\$18 M (average over 15 yrs)**

Major and Local Road CIP Levy	<b>\$150</b>
Building Levy, \$18 M (average over 15 yrs)	\$205
FY 18 average water/sewer bill Increase	\$62
	<hr/>
Annual Total	\$417

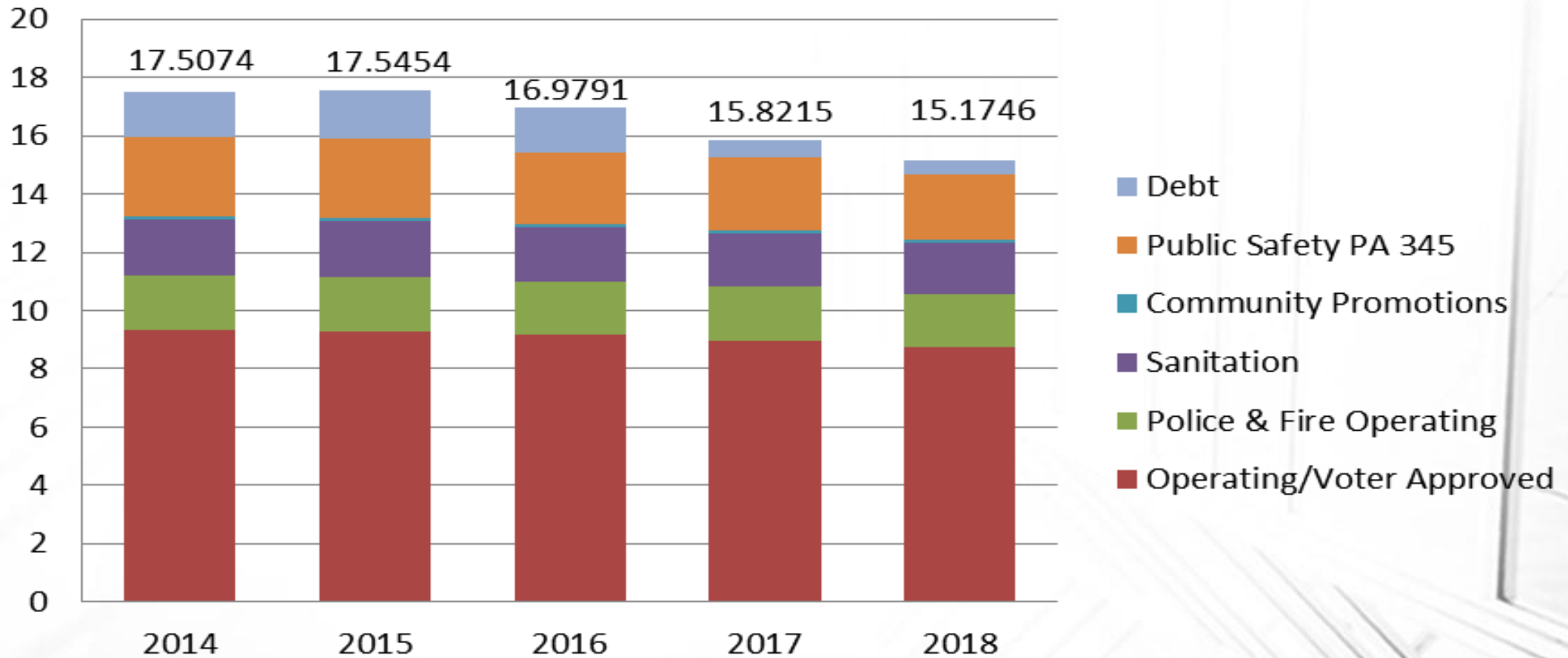
## **\$13 M (average over 15 yrs)**

Major and Local Road CIP Levy	<b>\$150</b>
Building Levy	\$140
FY 18 average water/sewer bill Increase	\$ 62
	<hr/>
Annual Total	\$352

# Millage Tax Rates for Surrounding Communities

City	Population	Total City Millage Rate 2017	Property Taxes value \$75,000	1 Mill Generates (Approx):
Oak Park	29,834	36.1688	2,713	\$450,000
Clawson	11,825	25.9642	1,947	\$340,000
Madison Heights	30,267	25.2114	1,891	\$770,000
Ferndale	20,256	23.6286	1,772	\$570,000
Huntington Woods	6,357	23.1591	1,737	\$340,000
Lathrup Village	4,075	22.2343	1,667	\$125,000
Pleasant Ridge	2,526	21.5677	1,618	\$145,000
Royal Oak	59,069	17.6512	1,324	\$2,500,000
<b>Berkley</b>	<b>14,970</b>	<b>15.1746</b>	<b>1,138</b>	<b>\$535,000</b>
Birmingham	20,757	14.6739	1,100	\$2,200,000
Auburn Hills	21,845	11.2998	847	\$1,500,000
Novi	58,416	10.5376	790	\$3,450,000

# Historical Berkley Taxable Rates



# Debt/Bond Levy Process

- Voter approves debt and levy
- 45-60 day process
- City council/administration selects team (underwriters, bond counsel, trustee, financial advisor)
- Structure the debt (most cost effective interest, terms of repayment, length of bond)
- Obtain credit rating (AA with Fitch)
- Draft documents – board resolutions, official statements
- Sell the bonds (distribute official statement, underwriters market bond)
- Close (sign bond purchase agreement, finalize offering document)

# Discussion: Roads

## Roads

Ballot proposal: 2 mills; Millage period – 10 years

## Next Steps:

*(\*\*See summary and next steps section, at the end of this presentation)*



# **MUNICIPAL BUILDINGS**



# Discussion: Municipal Buildings

## Community Center

Place on the ballot, a bond millage for the construction of a new Community Center, as identified as option 1B in the recent Stantec land usage report.

### Other Considerations:

- Future of Ice arena: Remain open? Close for the winter? Viable alternatives?
- Budget concerns
- Stantec proposal- Option 1B
- Ballot proposal? How much?
- Next steps?

# Future of Ice Arena

Utilities (actual costs from December 2016 – June 2017)

	December-16	January-17	February-17	March-17	April-17	May-17	June-17
Consumers Energy	\$ 1,144	\$ 2,135	\$ 1,738	\$ 1,611	\$ 616	\$ 161	\$ 105
DTE Energy	3,492	3,480	3,260	3,258	3,176	3,187	3,655
Energy Reduction Coalition Utilities	1,247	1,247	1,247	1,247	1,247	1,247	1,247
Water	-	-	722	-	-	714	-
	\$ 5,883	\$ 6,861	\$ 6,967	\$ 6,116	\$ 5,040	\$ 5,310	\$ 5,007

Average monthly utility cost - \$5,900

Annual utilities - \$70,800

# Future of Ice Arena

GL NUMBER	DESCRIPTION	06/30/2018
Revenues		
Dept 001-REVENUES		
546-001-651-003	RENT-STUDIO ICE	\$ 3,000
546-001-664-000	INVESTMENT EARNINGS	496
546-001-667-004	ROOM RENTAL	10,000
546-001-670-000	REIMBURSEMENTS	2,000
546-001-967-001	CONCESSION STAND/Vending Machines	700
TOTAL REVENUES		<u>\$ 16,196</u>
Expenditures		
546-697-707-000	PART TIME EMPLOYEES	\$ 27,200
546-697-715-000	FICA	2,081
546-697-728-013	TEEN CENTER EXP	500
546-697-776-000	MAINTENANCE SUPPLIES	350
546-697-777-000	CUSTODIAL SUPPLIES	350
546-697-807-000	AUDIT SERVICES	2,252
546-697-853-000	TELEPHONE	1,006
546-697-914-000	LIABILITY INSURANCE	5,402
546-697-920-000	UTILITIES	70,800
546-697-931-000	BUILDING MAINTENANCE	5,000
546-697-968-000	DEPRECIATION	9,786
Total Dept 697-ARENA - GENERAL		<u>\$ 124,726</u>
NET OF REVENUES & EXPENDITURES		<u>\$ (108,530)</u>



# Future of Ice Arena - Winterize

GL NUMBER	DESCRIPTION		06/30/2018
Revenues			
Dept 001-REVENUES			
546-001-651-003	RENT-STUDIO ICE	\$	-
546-001-664-000	INVESTMENT EARNINGS		496
546-001-667-004	ROOM RENTAL		10,000
546-001-670-000	REIMBURSEMENTS		2,000
546-001-967-001	CONCESSION STAND/Vending Machines		-
TOTAL REVENUES		\$	12,496
Expenditures			
546-697-707-000	PART TIME EMPLOYEES	\$	-
546-697-715-000	FICA		-
546-697-728-013	TEEN CENTER EXP		-
546-697-776-000	MAINTENANCE SUPPLIES		150
546-697-777-000	CUSTODIAL SUPPLIES		150
546-697-807-000	AUDIT SERVICES		2,252
546-697-853-000	TELEPHONE		1,006
546-697-914-000	LIABILITY INSURANCE		5,402
546-697-920-000	UTILITIES		36,014
546-697-931-000	BUILDING MAINTENANCE		5,000
546-697-968-000	DEPRECIATION		9,786
Total Dept 697-ARENA - GENERAL		\$	59,759
NET OF REVENUES & EXPENDITURES		\$	(47,262)



# Community Center Options: Stantec Concepts

# Community Center Construction Cost Estimates

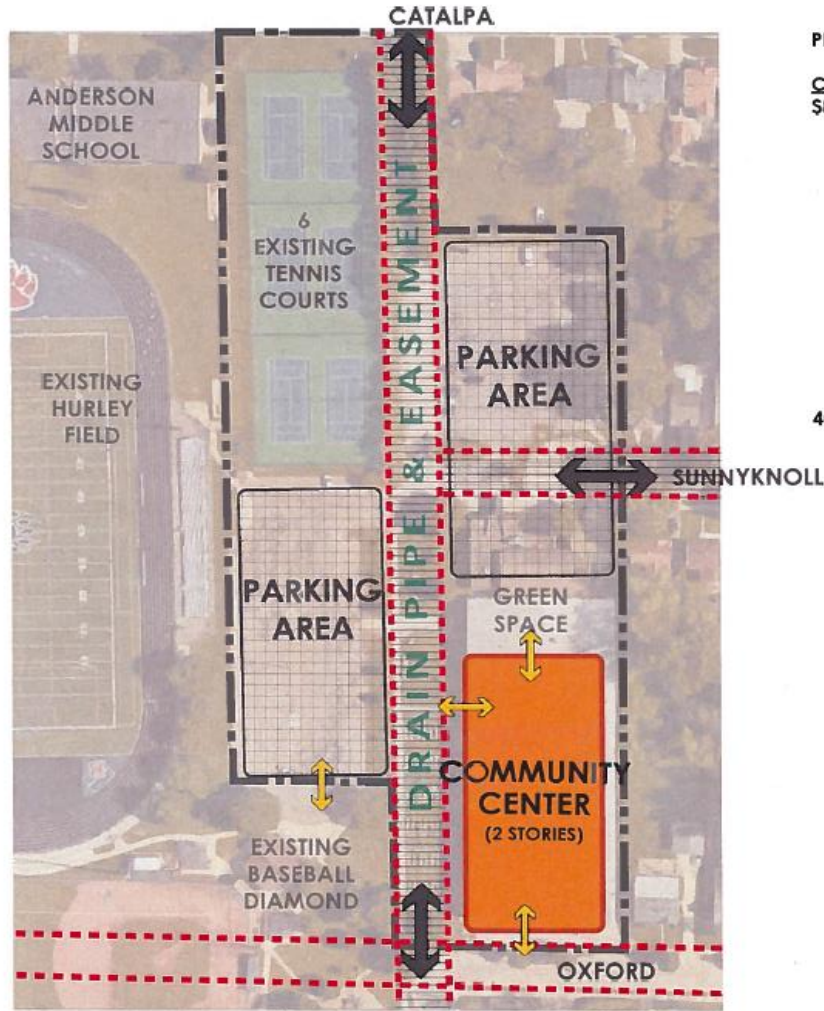
## 40,000 – 55,000 Square Feet

Community Center: 2 story building; multi-purpose spaces for gym/banquet, prep kitchen, elevated track, fitness space, dance studio, teen room, senior room, lockers.\* Optional features noted below

<u>Option</u>	<u>Other Features</u>	<u>Cost</u> (million)
<b>1A</b>	community center only*	<b>\$13 - \$18</b>
<b>1B</b>	community center only*	<b>\$13 - \$18</b>
<b>2</b>	community center*, hockey/studio ice	<b>\$22 - \$27</b>
<b>3A</b>	community center*, pool, relocate tennis courts	<b>\$17 - \$25</b>
<b>3B</b>	community center*, pool, remove 2 tennis courts	<b>\$17 - \$24</b>
<b>4</b>	community center*, hockey/studio ice, pool	<b>\$24 - \$33</b>



# Recreation Complex Option 1B: \$13-\$18 million



OPTION 1B

Annotation Key

## PROGRAM

### Community/Recreation Center \$8,400,000 - \$11,550,000

- Gym/Banquet Facility (2 courts)
- Indoor elevated Track above gym
- Kitchen (Prep & Serving)
- Indoor Practice Turf
- Locker Rooms
- Fitness Center
- Office Suite
- Lobby
- Dance Studio (20 Students)
- Teen Room
- Senior Room
- Classroom (15 Students)

40,000 to 55,000 gross square feet

## SITE ASSUMPTIONS

- Community Center is a 2-story building
- Easement strip can be used as driveway, or green space
- Ice Arena is demolished
- Tennis courts remain

## SITE STRENGTHS & CHALLENGES

### Strengths

- Keep all existing tennis courts
- Greater connectivity eases residential traffic.
- Sufficient parking
- Increases number of parking spaces
- Can provide extra green space

### Challenges

- Site circulation will need to be reworked
- Community Center is hidden

## PARKING

	SPACES	AREA
Required:	243	72,900 SF
Provided:	243	72,900 SF
<b>Deficit</b>	<b>0</b>	<b>0 SF</b>

## OPINION OF PROBABLE COST

Construction Costs:	\$8,400,000 - \$11,550,000
Site Development:	\$970,000
Soft Costs:	\$3,090,000 - \$4,130,000
<b>Total Project Costs:</b>	<b>\$12,460,000 - \$16,650,000</b>

<b>*Annual Maintenance Costs:</b>	\$ 556,000
<b>Revenue:</b>	\$ 550,000

*For Discussion Purposes Only*

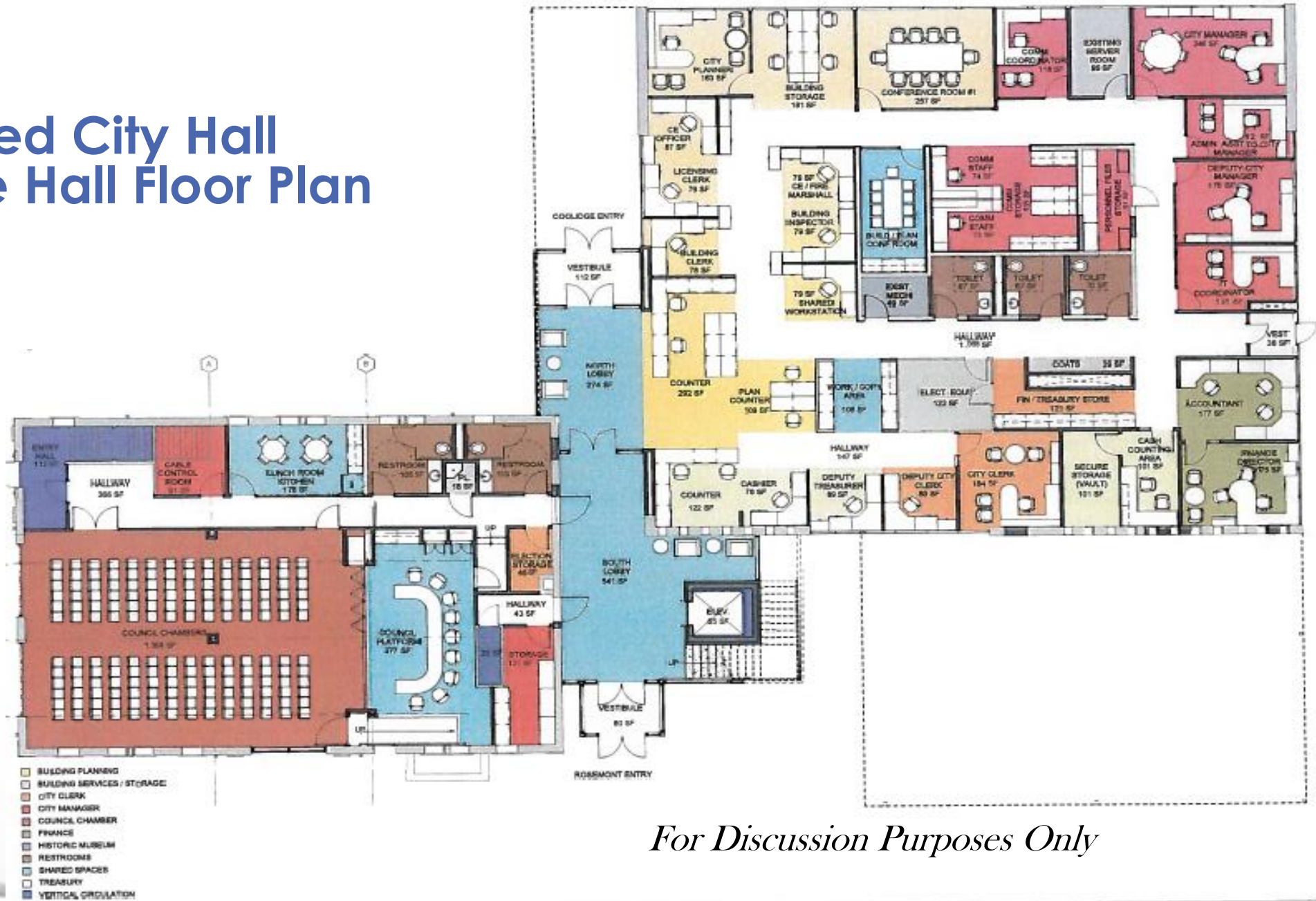
# Discussion: Municipal Buildings

## City Hall/Historic Firehouse

Place on the ballot, a bond millage for the renovation and remodeling of City Hall and the Historic Firehouse, in an amount not to exceed \$4,500,000.

- Ballot proposal? How much?
- If not, next steps?

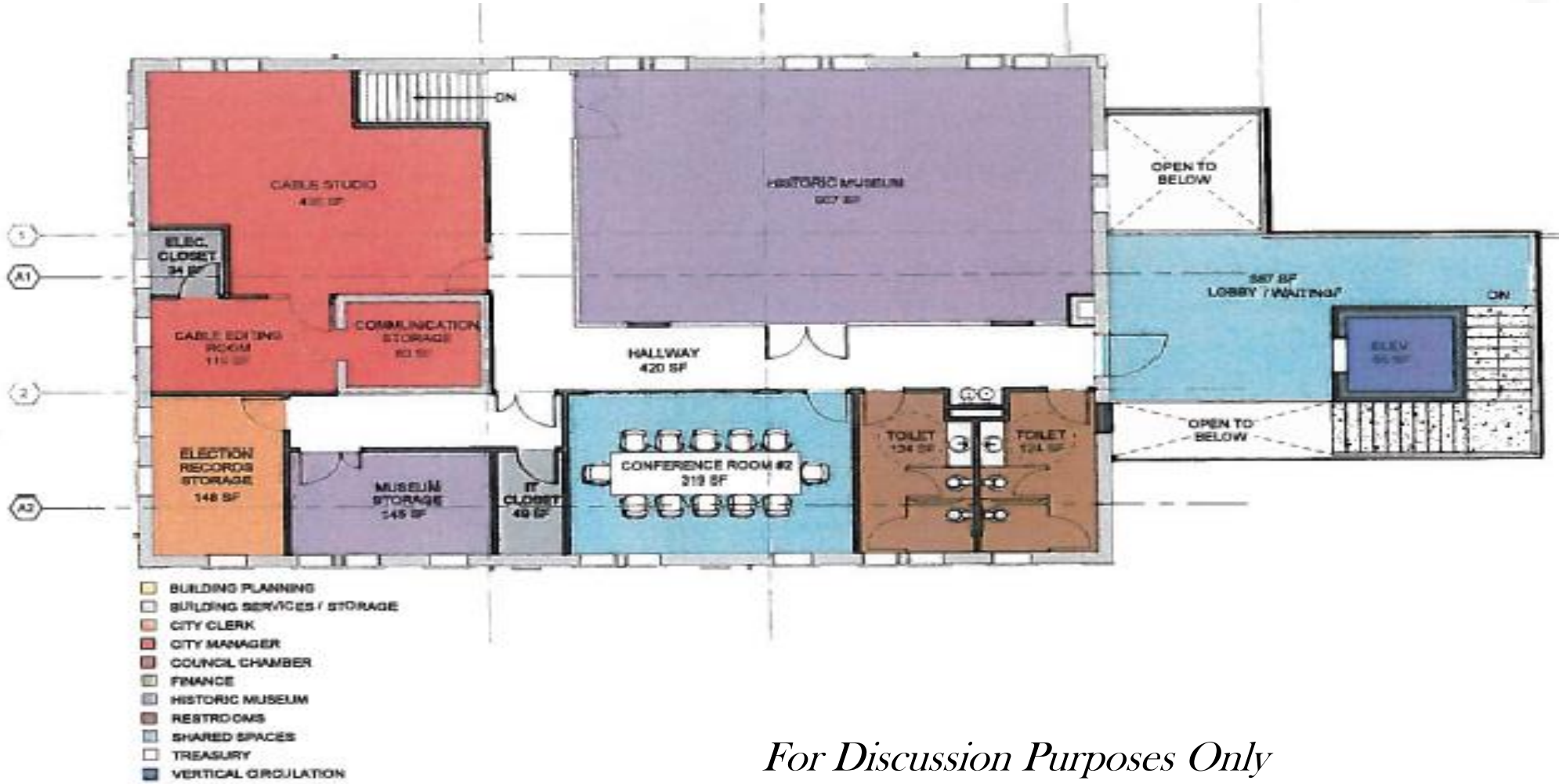
# Proposed City Hall Historic Fire Hall Floor Plan



*For Discussion Purposes Only*



# Proposed Historic Fire Hall 2<sup>nd</sup> Floor



*For Discussion Purposes Only*

# City Hall Complex Renovation Estimates

Item	Estimated Cost
Building construction cost (1 <sup>st</sup> and 2 <sup>nd</sup> floor, elevator and stairwell)	<b>\$3,385,900</b>
Site work (e.g. sidewalks, grading, landscaping)	<b>\$268,500</b>
Furniture, furnishings and equipment	<b>\$50,000</b>
Contingencies (10%)	<b>\$370,440</b>
<b>TOTAL</b>	<b>\$4,074,840*</b>
Includes:	
Elevator*	\$75,000
Second Story Renovation*	\$350,000

# Discussion: Ballot Proposals

By majority vote, the CAC also recommends that any ballot proposals related to these, or its previous recommendations, be placed on the ballot as separate ballot proposals.

- Roads – 2 Mills?
- Community Center \$13 - \$17 million?
- City Hall / Historic Fire Hall \$4.5 million?
- When: May 2018? August 2018? November 2018?



The background of the image is a blurred, high-angle view of a modern building's interior. It features a staircase with a glass railing on the right side and a large window with a grid pattern. The overall color palette is light and airy, with soft blues and greys.

# Community Development Department

# Community Development Director

- Full time or Part Time
- Budget Impact?
- Timing?

## **NEXT STEPS:**

*(\*\*See summary and next steps section, at the end of this presentation)*

# **SUMMARY & NEXT STEPS: Action Items and Proposed Time Frame**

## **Roads**

- May 2018 - Ballot Proposal 2 mills for 10 years
- Develop 10 year work plan – prioritized projects
- Communicate the plan, with concrete examples of recent initiatives and potential scenarios if approved

## **Ice Arena**

- Notify users and winterize in September
- Prepare budget amendment for anticipated winterization cost

## **SUMMARY & NEXT STEPS: Action Items and Proposed Time Frame**

### **Ice Arena (con't)**

- May 2018 reopen for Berkley Days and summer youth programs
- Begin planning process for a grand send-off celebration
- Engage architect for design concepts and refined estimates
- Engage community for input and begin community education process
- Work with auction house to liquidate assets
- Prepare for May 2018 ballot proposal according to CAC recommendation

# **SUMMARY & NEXT STEPS:**

## **Action Items and Proposed Time Frame**

### **City Hall**

- Refine construction documents and cost estimates
- Engage community for awareness and education
- Prepare for 2018 ballot proposal

### **Community Development Department**

- Submit budget amendments to fund full time director

### **Follow-Up Discussions**

- Schedule public discussion to be held as soon as possible to engage the residents on the topics discussed today



# WRAP UP

Phil O'Dwyer, Mayor



A photograph of a modern building with a glass facade and a staircase, viewed from a low angle looking up. The text "THANK YOU!" is overlaid in the center.

**THANK YOU!**