

**CITY OF WIXOM
49045 PONTIAC TRAIL
SPECIAL CITY COUNCIL MEETING MINUTES
THURSDAY, NOVEMBER 2, 2017**

Mayor Hinkley called the meeting to order at 7:03 p.m. at which time the Pledge of Allegiance was recited.

Present:

Mayor: K. Hinkley
Deputy Mayor: R. Ziegler
Councilmembers: P. Beagle
K. Gottschall
N. Kennedy
T. Rzeznik
R. Smiley

Mayor Hinkley thanked everyone for taking time out of their schedules to attend this meeting. In the ten years of him being the Mayor, he thought this was only the second time that he has called a special meeting. He felt this meeting was needed.

AGENDA CHANGES: (None)

CALL TO THE PUBLIC:

Josh Springer, 2606 Wenona, thanked the folks that fought the fire at the apartment complex yesterday. He hoped that everyone that was impacted by that fire was safe and found shelter.

He wondered if the City had examined alternative measures and if this large expenditure of \$300,000 could be broken into smaller, more manageable actions, or if this was an all or nothing deal. He also wondered how many more events we expected to hold after the improvements and how much additional revenue we expected to generate. He asked how we planned on staffing these new events and if the taxpayers would be funding it or the additional revenue would cover it. His next question was once the improvements were completed, he wondered if he and other taxpayers would have access to a discounted rate since he assumed some of his taxpaying money would be used for these updates. Last November, we passed a pretty close 3.5 mill increase for the next four years. Mr. Springer asked if this item was included in the 3.5 mills. If so, he didn't remember any documentation or meetings about this spending. He did remember that if there was ever an overage of the 3.5 mills, it would go back to the taxpayers. He also asked if there was a reason for this special meeting. He saw in the budget session minutes from April that this was discussed and approved back then. He was curious if there was a deadline on the bids or if we just received the last bid yesterday and this was why there was a rush for this meeting. Lastly, he wondered if there was an issue with having this meeting prior to the election which will be held in five days.

Mayor Hinkley said that this meeting was called because we have commitments for rentals in early 2018. If we go forward with this project, we can keep those commitments and contracts. If we don't, we will have to break those contracts and we may suffer some altercations and cancellations.

Mayor Hinkley said we hoped to have more rentals with these changes. We would also hope that we would gain some revenue. He explained that the building is an asset to the City and the taxpayers. Like anybody, you have a roof on your house and after 25 years, that roof is probably ready for repair. You can do one of two things. You can repair it or not repair it and move. This is a scenario where we are in a situation in that building where it is tired and old. We have to decide if we are going to protect that asset and continue to utilize it for meetings for homeowners, of whom we don't charge.

Mayor Hinkley wasn't sure about Mr. Springer's question regarding a resident discount. He thought Ms. Magee or Ms. Harrison might have the answer to that question.

In regard to Mr. Springer's question regarding if we examined alternative measures, Mayor Hinkley thought we could assume our staff has looked at Plan A, Plan B and Plan C and maybe doing it in a graduated method. He noted that this item was approved in the budget. Mayor Hinkley didn't think we would gain any economy of scale by doing one thing at a time. The millage was for Parks & Recreation and Police and Fire. He didn't see this as being any part of that millage.

Jean Korleski, 2684 Warrior Drive, said she was present on behalf of the Senior Center in Wixom. She heard conflicting information as to where the seniors would be housed during the renovation time. She wanted some assurances that the Senior Center will remain viable going forward.

Mayor Hinkley said the seniors would be moved to the Council Chambers during the renovations. With any improvements, we will be displaced. We don't like to displace the seniors during the renovations. We hope we can accommodate their daily needs in City Hall. As far as the Senior Center closing after the renovations, he really wanted to know who made that comment. He hoped with the improvement of this asset that we would see a brighter, more efficient Community Center that will attract more seniors.

NEW BUSINESS:

- 1.) Recommendation to Award the Contract for the Community Center Renovation Project to the Lowest Qualified Bidder, Cross Renovation of Livonia, Michigan, in the Amount of \$327,141 and Authorize the Mayor to Sign the Contract on Behalf of the City**

CM-11-159-17: Moved and seconded by Councilmembers Rzeznik and Beagle to award the contract for the Community Center renovation project to the lowest qualified bidder, Cross Renovation of Livonia, Michigan in the amount of \$327,141 and authorize the Mayor to sign the contract on behalf of the City.

Councilmember Kennedy said he wanted to make a motion to table this issue until a further date. The Council just received a 20-page document and he didn't believe there was enough time to review it.

CM-11-160-17: Moved and seconded by Councilmembers Kennedy and Smiley to table the award of the contract for the Community Center renovation project.

Roll Call Vote: (2) AYES – Kennedy, Smiley
(5) NAYS – Beagle, Gottschall, Hinkley, Rzeznik, Ziegler

Motion Failed

Councilmember Rzeznik stated that during the April budget sessions each year, the Council lays out a ten-year Capital Improvement Plan. The entire capital renovation for any particular building or facility is laid out over those ten years. A lot of it is based on the life expectancy of HVAC systems, carpeting or other major elements. They are debated at length and the Plan does go out for ten years. This includes any DPW equipment we have. This was not something that just came up or was part of the millage. Councilmember Rzeznik explained that this was debated in April and the information Ms. Magee provided at this meeting was distributed at that budget session. He said he walked through the Community Center when this was discussed last April. He looked at the condition of the partitions, the peeling wallpaper and the condition of the bathrooms. At that time, he wanted more done at that time, but we did break it down into chunks. This was debated already, it was a budgeted item and there were eight responses to the RFP. He thought most of them were fair bids. He said he was in support of this.

Councilmember Beagle said that part of the contract would be awarded tonight, but more would be added. He wondered if \$42,000 would cover what was left to be done. Mr. Brown said that the architect recommended that we separating some of the items. If we put a general contractor on a job that they are not comfortable doing, they would bring in subcontractors and there would be administrative costs associated with that. He said he was comfortable with the \$42,000. Councilmember Beagle was concerned because the memo that was sent out says ordering and delivery of the materials will take six to eight weeks, but the report says eight to ten weeks. Mr. Brown said that was part of the reason for this special meeting. Councilmember Beagle asked when they expected to have this finished. He didn't want to get an email in the middle of February saying we weren't going to hit the date. Ms. Magee said that the contract specifies that the work must be completed by March 1, 2018. Councilmember Beagle asked if there would be a penalty if they were not finished.

Ms. Magee introduced Dave Richardson, Architect from Lindhout and Associates. Mr. Richardson explained that they didn't choose to put liquidated damages in at this point. Mr. Brown added that could have impacted costs.

Councilmember Beagle asked who would be the project manager for the City to make sure this was done by March 1st. Ms. Magee said she would be working with Lindhout and Associates. Mr. Sikma is also familiar with this type of project. Councilmember Beagle wanted to make sure that the project would get finished on time. He indicated that he was in full support of this. He thought the Council needed to get back to Budget Goal Settings and he suggested that one of the topics be how we would take care of the seniors and the Community Center. Until we do

that, he thought everyone would have to play fair. It will be an inconvenience, not only to the seniors but to us as well.

Councilmember Gottschall asked if we checked references and if there were examples of other similar projects that they have done in the area. Mr. Richardson said that we did. We received feedback from two different satisfied customers on two similar projects. One was the City of St. Clair Shores Senior Center renovation and the other was the Redford Township multiple park improvements. Councilmember Gottschall wondered about the carpet squares. Mr. Richardson explained that the new thing is planks. They are squares that are interchangeable.

Councilmember Gottschall said he was going through old packets and notes. When this first came up in January 2016, we had also voted on HRC overseeing the project. He asked if they had anything to do with it this time around. Ms. Magee replied that Lindhout and Associates is working as a subcontractor with HRC. Councilmember Gottschall asked where that cost was coming from. Ms. Magee said that there was no additional cost incurred. It is a pass-through since HRC is our engineering firm. Councilmember Gottschall commented that at the January 12, 2016 Council meeting, the report indicated we would be approving HRC on an hourly basis not to exceed \$18,500 for overseeing this project. He wondered if that was still valid. Ms. Magee explained that HRC is the billing agent. Lindhout bills HRC and we pay HRC. HRC works with Lindhout on other projects in the same capacity. She thought there might be a little additional because that was incurred prior, but we have that budgeted. Council will not be voting on anything in the future.

Councilmember Gottschall asked about the cost without salaries. Ms. Magee said she didn't get a chance to do that. Mr. Brown stated that it is about \$182,000 benefit cost off of that \$322,000 total.

Councilmember Smiley wanted to debate the merits of spending the money on an upgrade. He hoped that with all the paperwork there would be a breakdown of what exactly we would be spending the \$350,000 on. He knew we would be purchasing partitions and carpeting. He could get into the idea of the upkeep of the place because he has seen the tattered walls and carpeting. He thought there had to be more to it than that for \$350,000. With the additional \$42,000, we are pushing \$400,000. He thought Mr. Goodlein mentioned that the partitions were roughly \$80,000 and Ms. Magee thought that was correct. Councilmember Smiley assumed that we would not be getting an itemized list with costs for this project.

Mayor Hinkley thought the Council received the breakdown during the budget sessions last April. Councilmember Kennedy said that was a rough estimate.

Councilmember Smiley asked if the partitions could be refurbished. Mr. Richardson said they received a price for reskinning the partitions. He noted the partitions had been reskinned multiple times in the past. The reskinning proposal came back and they couldn't put the same durable material on the bottom that they currently have because the life of the panels were limited. He felt reskinning would outlive the panels. He explained how they received bids on lighter panels that would work better because the current panels were too heavy and did not seal properly.

Councilmember Smiley asked how long the reskinning lasted. Mr. Brown said the last time they were reskinned was in 1999. Mr. Brown said they made the

recommendation to replace them for a variety of reasons. He mentioned that the new panels would be lighter and easier for the staff to handle.

Councilmember Smiley thought that it seemed practical to replace the partitions as they were an important part of the Community Center. He asked if \$80,000 was at the high end of the cost of the panels. Mr. Richardson said that was a normal cost based on the number of panels.

Councilmember Smiley said that he wasn't poo-pooing the amount but that he was trying to understand what it would take to find something where they don't upgrade the place to be a high-end facility but more a utility location like it has been used for the past twenty-five years. Mr. Richardson thought that if they didn't improve things, they could lose customers.

Councilmember Smiley wondered if some of the capital improvements would be removed from the list because this project would take care of some of them. He explained that he was just looking for some way for this project to not cost the City \$400,000. He did not feel confident in what they were getting for the money.

Mr. Richardson said it appeared that sticker shock was Councilmember Smiley's concern. He said the cost covered new carpet, ceiling, new panels, lighting system, light fixtures, paint and senior lounge kitchen improvement to become ADA compliant.

Mayor Hinkley thought the administrative summary that was given to Council with the budget and in tonight's packet described that the renovation included carpet, wall covering, the dance floor, room partitions, lighting, ceiling tile, fresh paint, electrical upgrades and improvements to the senior lounge kitchen.

Councilmember Smiley struggled with approving this because he felt like they were spending a lot of money to keep up an asset. He felt like they were trying to compete in the high-end wedding business. He knew there were people that wanted that but he was not one of those people.

Mr. Brown explained that it would take \$2.5-\$3.96 million dollars to build a new community center. The percentage of this renovation costs would be 10% - 14%, depending on the price point. They haven't really invested a lot of money over the years aside from small projects. This would basically bring this facility back up to a good standard so people would want to spend time there, not just as a rental but residents and seniors that utilized the facility daily. When you looked at the cost of replacing a roof on a \$150,000 home, the cost would be around \$10,000-\$15,000, so 10% of the cost of the home. Additionally, this was basic up-keep and maintenance and he thought it was a reasonable expenditure given that it was part of the capital improvements.

Councilmember Smiley did not disagree with any of the things Mr. Brown said but they had to consider that they were still planning on spending money to repave the City Hall parking lot. He felt this concept had a little flavor of venture capitalist and that made him uncomfortable. Staff gave him paperwork that reflected this concept stating after this work was complete, it could bring in \$150,000 in rentals.

Mr. Brown clarified that this would not be a money-making operation. The information that was given was merely talking about offsetting some of the costs

over a period of many years. Of course, that could come from increased rentals or charging more for rentals.

Councilmember Smiley appreciated the time that was spent talking about this and the additional clarification.

Councilmember Rzeznik pointed out that the original debt was completely retired on this facility.

Councilmember Gottschall was happy to see a marketing outline and asked if there was any thought to what the staff wanted to pay on marketing per month or per year.

Ms. Magee said the staff had investigated a few different marketing companies that specialized in marketing facilities such as this. Both companies they looked at would work well as they had the contacts that would utilize this space. One company would cost \$900-1,000 per month so they would have to bring in one rental a month to offset the cost. She thought this would be a great route to go, plus continue to work along with economic development and business forums to continue getting exposure.

Councilmember Gottschall asked they could set a rental/revenue goal for themselves. He would like to see a firm goal in mind considering we are spending money on improving the facility. Ms. Magee said that could be completed and she thought a constructive goal would be to increase revenue by 10%-20%. Councilmember Gottschall was thinking of increasing the amount of events from the previous year. Ms. Magee said that could be achieved as long as the facility was available.

Deputy Mayor Ziegler said that a few things came to mind after listening to the discussion. He could see where the staff received mixed direction. He agreed that they should not build a palace just to attract people. On the other hand, some members of Council say that if you were going to put the money into the building then they want to see it being rented out more often. He explained how he looked at the staff and how they know to be cost-efficient, effective and get the best value. He trusted that the employees came to Council with the best package deal. He did not anticipate this building would change very much in terms of service to the public.

Councilmember Kennedy said that everyone kept talking about a banquet facility and that type of facility is in competition with the private sector. That was not the job of the government. He wondered if the senior citizens would be moved out to St. Matthews during the construction. He thought that the previous City Manager talked about increasing rentals that would displace the senior citizens.

Deputy Mayor Ziegler thought when the building was built they called it a banquet center as that was what it was intended to be used for; however, the use has evolved to be what it is today. He thought this building was an asset that should be maintained. He believed that the former City Manager was only trying to respond to the confusion from the dais saying they wanted the Community Center to be a money-maker. He mentioned that there may have been talk before about moving the seniors to another location but he knew that they did not want to go off campus as they wanted to be here and be part of the City. He encouraged Councilmember

Kennedy to vote for this because he thought it was money well spent. At this point and time, they were fortunate to be able to spend the money because of the direction they had been given by the community.

Mayor Hinkley wondered if once the renovations were complete, the staff would consider the Community Center to be a higher-end facility like Lyon Oaks. Ms. Harrison said no. Mayor Hinkley did not think even after the renovations were complete that they would have the ability to compete with Lyon Oaks. Ms. Harrison agreed. Mayor Hinkley said that the word "revenue" was not a dirty word. If there were opportunities where the City could make money to offset expenses then it was a good thing. He asked that the Council only look at the \$400,000 cost as being 4% of the current budget on a Capital Plan; therefore, it's not like they were going to bankrupt the City. He thought more opportunities would present themselves with the renovations. He mentioned that it was important to attend the Budget Study Sessions as a full Council. He hoped going forward that an entire Council would be present because they were spending residents' tax dollars. He understood that Capital Planning was difficult as a Council but they had been very fortunate with the staff being so conscientious of the budget. He was excited for the renovations and knew the community would appreciate them.

**Roll Call Vote: (6) AYES – Beagle, Gottschall, Hinkley, Rzeznik, Smiley, Ziegler
(1) NAYS – Kennedy**

Motion Carried

CALL TO THE PUBLIC:

Shirley Pfeffer, 31207 Lakeview Blvd, Apartment 2101, said that she did not hear any mention of the heating and air conditioning system with the renovation of the Community Center. She asked if that was part of the project. Mayor Hinkley said that typically all of the City's HVAC units were on a cycle of replacement but as the units reached their full life cycle, they were typically replaced. He said that this particular project did not include HVAC units. She asked if the seniors would still be in the Senior Center after the renovations were complete. Mayor Hinkley said yes.

ADJOURNMENT:

The meeting was adjourned at 8:24 p.m.

Crystal Opalko
Deputy Clerk

Approved
11-28-2017