

**FACILITIES WORK SESSION**  
**MONDAY, FEBRUARY 26, 2018**  
**5:30 p.m. – Dexter Senior Center (7720 Ann Arbor St.)**

**THE CITY OF DEXTER**  
**CITY COUNCIL**

The primary goal of this work session is to allow all seven Council members the opportunity to discuss and understand the needs for each facility (and potential options as time permits) so that we can determine the next steps in this process together. This workshop is intended to be the second in a series of workshops aimed at improving our facilities.

- 1) Staff Review of New Information Gathered Since Last Meeting
  
- 2) Department of Public Works
  - Discussion of Needs
  - Discussion of Potential Options
  
- 3) City Offices
  - Discussion of Needs
  - Discussion of Potential Options
  
- 4) Fire Station
  - Discussion of Needs
  - Discussion of Potential Options

This is a Special Council work session; action will NOT be taken.

*“This meeting is open to all members of the public under Michigan Open Meetings Act”*

---

PAGE LEFT INTENTIONALLY BLANK

---

## Memorandum

**To:** Mayor Keough and City Council  
**From:** Courtney Nicholls, City Manager  
**Re:** Updates Since Last Meeting  
**Date:** February 20, 2018

---

Since the last meeting, staff has worked on the following items:

- Created a Facility Options Summary document that can be updated after each work session
- Received rental rates from 3219 Broad and Dexter Crossing (provided on the options summary document)
- Provided a memo (below) on general financing options

### General Financing Information

The following is an updated financing report, based on the report that was originally created during the discussion of the Wastewater Treatment Plant financing.

### **Debt Limits**

Different types of bonds have different impacts on the City's debt limit. Two calculations of the debt limit are necessary. The first is the overall debt limitation which is 10% of state equalized value. The second calculation is 5% of the state equalized value, which is the debt limit for capital improvement bonds.

Types of bonding available to the City for Facilities and their impact on the debt limits are as follows:

#### Capital Improvement Bonds

Capital Improvement Bonds count towards both the 10% and 5% limit. We currently have \$4,850,000 of capital improvement bonds outstanding. The debt issues that count towards the \$4.85 million are the facilities bond (outstanding 2006 portion and 2016 refunding), the road bond and the 2012 water and sewer bonds (refunded from Rural Development). The sewer bond, approximately \$5 million, will be sold as a capital improvement bonds.

#### Building Authority Bonds

Building Authority bonds are available to municipalities to fund the construction of municipal buildings. A Building Authority Board of three members would need to be formed to issue the bonds under this act. Issuing bonds under this act would count towards the 10% debt limit, but not the 5% capital improvement bond limit. The interest rate associated with these bonds is typically slightly higher than for capital improvement bonds.

#### Voted Millage to Support a Bond Issue

If the electorate votes in a millage to support a bond issue, the bonds sold would count toward the 10% debt limit, but not the 5% capital improvement bond debt limit.

Indebtedness Summary

State Equalized Value (2017 Post July BOR)	\$273,194,841	State Equalized Value (2017 Post July BOR)	\$273,194,841
<b>10% Cap</b>	\$27,319,484	<b>5% Cap</b>	\$13,659,742
Currently Used	\$12,794,861	Currently Used	\$4,850,000
To Be Used for Sewer	\$5,000,000	To Be Used for Sewer	\$5,000,000
Remaining Balance		Remaining Balance	
Available	\$9,524,623	Available	\$3,809,742

Bonds Included

SRF/DWRF  
 Capital Improvement  
 Building Authority  
 Downtown Development Authority  
 Voted Millage to Support a Bond Issue

Bonds Included

Capital Improvement

General Caution About Indebtedness

Standard and Poor's assigned a bond rating of AA/Stable in July 2015. As part of their report, they rated the City as having a "very weak debt and contingent liability profile" with total governmental fund debt service at 13.5% of total governmental fund expenditures. This deficiency was offset by strong to very strong ratings for our economy, management, budgetary performance and flexibility, liquidity, and institutional framework. While this deficiency is not directly related to the current discussion, it is good information to keep in mind as it is important to continue to demonstrate to the rating agencies that the City has specific plans in place to handle our infrastructure needs and accompanying debt levels.

Cash Balances as of December 31, 2017

15% Fund Balance	\$491,130
Unrestricted Reserve	\$566,500
Restricted for Facilities	\$293,300
Restricted for Fire Capital	\$100,000
Restricted for Substation	\$215,300
Restricted for Mill Creek Park Phase II	\$185,000

# **2018 Facility Options Summary**

## **from January 22, 2018**

### **Department of Public Works**

#### **Needs**

Additional storage for current equipment stored outside at 3600 Central or at alternative locations

#### **Short Term Options**

Storage of leaf vacuum at Dexter Township Fire Station

Remove A frame lift from basement of 8140 Main

Determine whether leaf vacuum can fit if A frame lift is removed and Hart vehicle is relocated

#### **Intermediate Options**

Continue to use 8140 Main and 7651 Dan Hoey to supplement DPW storage

#### **Long Term Options**

Construct pole barn at 7651 Dan Hoey

Addition onto 3600 Central (see attached map)

#### **General Considerations**

Need to do an assessment of potential future equipment purchases to determine sizing

## **City Offices**

#### **Needs**

More office space

Private offices for administration

Work room for plan review

Kitchenette/break room

Larger conference room

## **Short Term Options**

Continue to rent space at 8123 Main

## **Intermediate Options**

Rent space at alternative location (Dexter Crossing Commercial/3219 Broad)

- The estimate for rental space at Dexter Crossing is \$9.00 per square foot triple net (triple net requires that the tenant pay real estate taxes, building insurance and maintenance on the property in addition to any normal fees, such as rent, utilities, etc.) According to Nick Zagar, the Director of Leasing for Oxford, depending on the tenant and its credit history, the landlord may give free rent or money towards building out the space.
- The estimate for rental space at 3219 Broad (former Crossfit) is \$15.00 per square foot triple net. Inclusive of the triple net the price would be \$19.50 per square foot plus utilities. The total space available in that complex is 5,975 square feet. Jeff Evans did indicate that the rate could be negotiable based on use, lease term, credit worthiness, and necessary improvements.

Purchase space at alternative location (Monument Park Building, 3045 Broad)

## **Long Term Options**

Purchase space at alternative location (Monument Park Building, 3045 Broad)

Locate City Offices at 8140 Main

Build facility in vacant property downtown (i.e. lot next to 3238 Broad, lot next to Dairy Queen)

Purchase Copeland property from the schools

## **General Considerations**

Do City Offices need to be downtown?

Are Council Chambers a need or a want?

# **Fire Station**

## **Needs**

Facilities for males and females

Separation between living quarters and office space

Separation between living quarters and public areas

Equipment bay large enough for a ladder truck

More space around vehicles in equipment bay

Additional space to store items currently stored in equipment bay

### **Short Term Options**

Continue to operate out of 8140 Main

### **Intermediate Options**

Renovate 8140 Main

### **Long Term Options**

Renovate 8140 Main

Build a new station on MAV property

Build a new station at 7651 Dan Hoey

### **General Considerations**

Should the City consider re-location to property that increases run times to more properties than it lowers?