

**MINUTES OF A WORK SESSION OF THE MILAN CITY COUNCIL
HELD ON AUGUST 8, 2022
147 WABASH STREET, MILAN, MICHIGAN 48160**

Mayor Kolar called the work session to order at 6:30 p.m.

COUNCIL MEMBERS PRESENT: Mayor Kolar, Pro-Tem Kerkes, Council Members Baldwin, Kofflin, Nie, Thompson, and Wayne.

OTHER OFFICERS PRESENT: City Administrator Jim Lancaster, City Clerk Lavonna Wenzel-Excused, City Treasurer Sarah Finch, Police Chief Tillery-Excused, Police Lieutenant Nieman, IT Director Koehler, DDA Director Jill Tewsley, and Parks and Recreation Director Ellen Bell.

OTHERS PRESENT: Matt Stafford, Stacey Burnette, Zach Errer, Dave Snyder, Dave Sweet.

AGENDA:

- A. A discussion on The Center.**
- B. Any matters that may legally come before council.**

City Administrator Lancaster and Treasurer Finch presented information about year-over-year costs to own and operate "The Center", as well as estimated costs for needed improvements. (see attached) City Council discussed the pros verses cons of repairing and keeping the facility verses selling or gifting the building to a different entity. Council requested that the expensive, necessary repairs and annual costs be considered as City staff proceeds with negotiating the next contract with the Milan Seniors for Healthy Living, the contractor that currently operates out of the facility.

PUBLIC COMMENTS: No public comment

ADJOURNMENT: Motion by Councilmember Thompson, seconded by Mayor Pro-Tem Kerkes to adjourn the work session at 7:10PM. Motion carried unanimously.

Ed Kolar, Mayor

Sarah Finch, Treasurer



MILAN

Connect with what matters

City of Milan

The Center

WORK SESSION, AUG. 8, 2022

Annual Building Costs

- The Center has been home to Milan Seniors for Healthy Living, an organization that provides senior services to community members 60+, since 2012. While this is the primary use of the facility, the City of Milan also hosts some of its Parks & Recreation programs here and rents out the building for events. While the MSHL are tenants, the facility maintenance and upkeep is the City's responsibility.

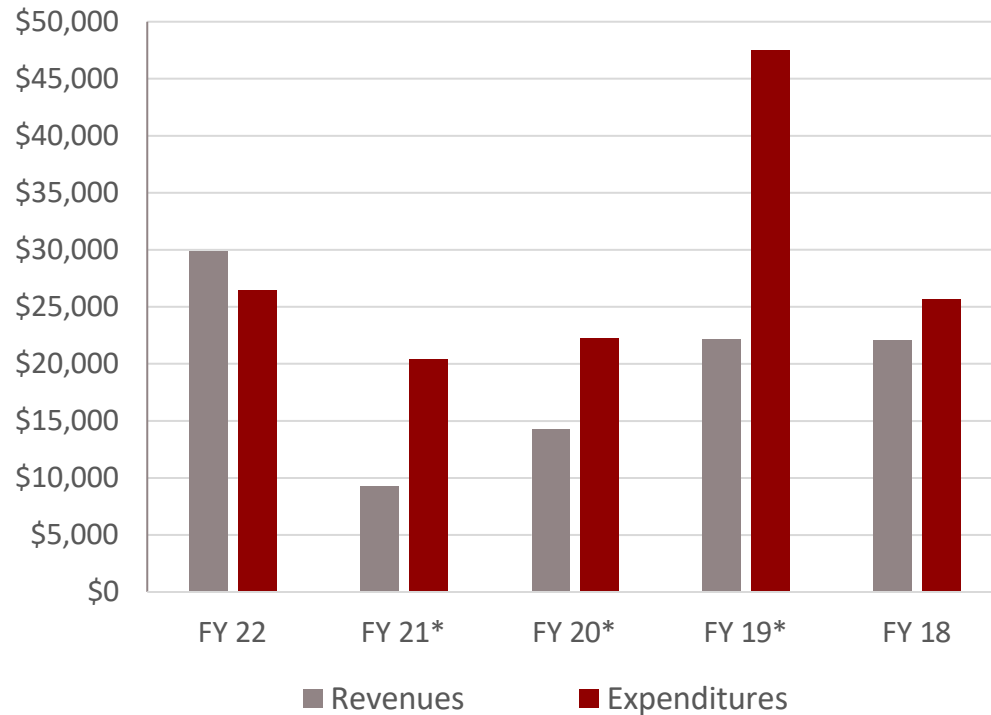
AVERAGE ANNUAL EXPENDITURE DETAIL

- Electricity: \$10,000.00
 - Aramark: \$6,000.00
 - *This service is being reviewed and reevaluated*
 - Custodial Services: \$7,000.00
 - *This number is expected to increase significantly.*
- *These figures only include regular annual costs. They do not take into consideration ongoing repairs and maintenance related to the boilers/HVAC and commercial kitchen equipment.*

\$23,000.00

Building Cost Comparison

REVENUES VS. EXPENDITURES: 5-YEAR COMPARISON



- Fiscal Year 2018: **(\$3,540.00)**
 - Fiscal Year 2019: **(\$25,346.56)**
 - REPLACED FURNACE
 - Fiscal Year 2020: **(\$7,958.31)**
 - COVID-19
 - Fiscal Year 2021: **(\$11,177.90)**
 - COVID-19
 - Fiscal Year 2022: **\$3,489.82**
- **Cumulative Gain(Loss) over 5 Years: (\$37,452.95)**

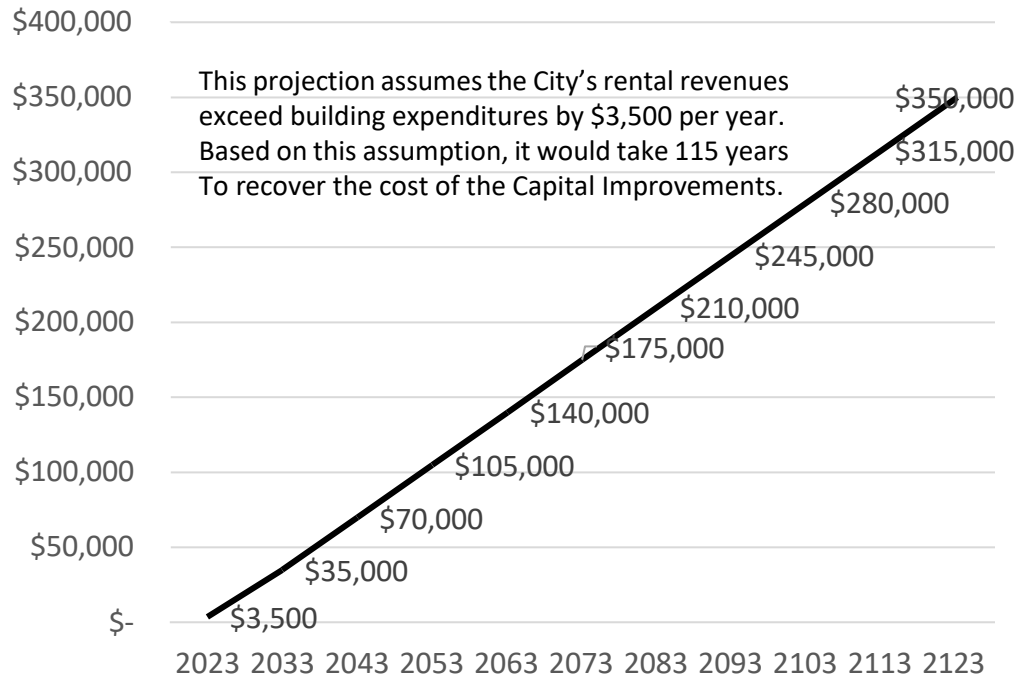
GAIN(LOSS)

Capital Improvement Plan

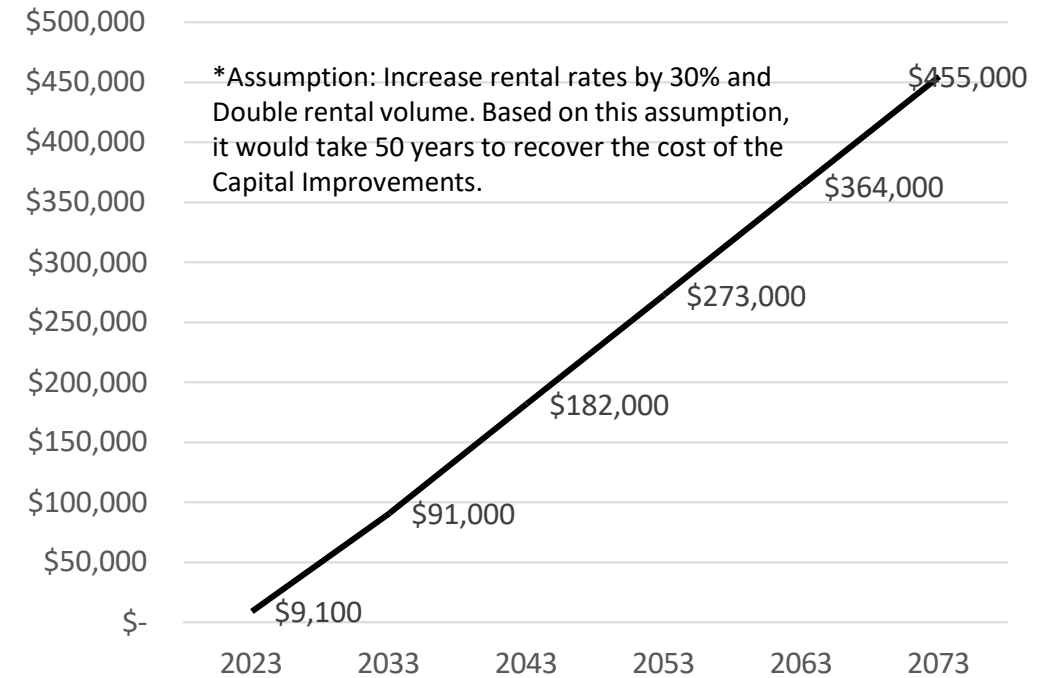
Windows (Actual Estimate)	\$145,000
HVAC (Waiting on Estimate)	\$75,000
New Flooring (Flooring in main hall & secondary room needs to be updated to increase rental potential)	\$15,000
Kitchen (Inadequate airflow & non-functioning appliances)	\$30,000
Bathrooms (Outdated & plain. Upgrades necessary to increase rental potential)	\$30,000
Main Hall (Lighting, ceiling tiles & other aesthetics to increase rental revenue)	\$15,000
Deck (Waiting on Estimate) (Add large deck on rear of building to increase rental revenue & create more usable space for events)	\$90,000
Total CIP Cost:	\$400,000

Cost Recovery Projections

BASED ON CURRENT DATA



ASSUMPTION: INCREASE RENTAL RATES BY 30% AND DOUBLE RENTAL VOLUME



Moving Forward...

OPTION ONE

Invest money into the facility to make it a true asset. Focus on increased programming and rental revenue to recover cost of capital improvements.

OPTION TWO

Transfer ownership of the facility.