

# CITY OF MUSKEGON

## CITY COMMISSION MEETING

**NOVEMBER 12, 2013**

**CITY COMMISSION CHAMBERS @ 5:30 P.M.**

### MINUTES

The Regular Commission Meeting of the City of Muskegon was held at City Hall, 933 Terrace Street, Muskegon, Michigan at 5:30 p.m., Tuesday, November 12, 2013.

Mayor Gawron opened the meeting with a prayer from Pastor Marcy Miller from Samuel Lutheran Church after which the Commission and public recited the Pledge of Allegiance to the Flag.

#### **ROLL CALL FOR THE REGULAR COMMISSION MEETING:**

Present: Mayor Stephen Gawron, Vice Mayor Lawrence Spataro, Commissioners Lea Markowski, Eric Hood, Willie German, Sue Wierengo, and Byron Turnquist, City Manager Franklin Peterson, City Attorney John Schrier, and City Clerk Ann Marie Cummings.

#### **2013-87 HONORS AND AWARDS:**

##### **A. 2013 Employee Service Awards.**

Mayor Gawron, City Commissioners, and City Manager Franklin Peterson presented the Service Awards to the City employees thanking them for their years of service.

##### **B. Recognition of JAAR Partnerships Participation in the Second Annual Police "GOOD BUDDY BUCKS" Program.**

Chief Jeffrey Lewis presented a Resolution for Recognition of JAAR Partnerships participation in the second annual Police "Good Buddy Bucks" Program.

##### **C. Muskegon Police Department Citizen Certificate of Appreciation for Diane Kooi.**

Chief Jeffrey Lewis presented a Citizen Certificate of Appreciation to Diane Kooi for her life saving activity on July 19, 2013.

##### **D. Recognition of Fall 2013 Citizen's Police Academy Graduates.**

Chief Jeffrey Lewis and Denny Powers, Police-Community Coordinator, presented Resolutions to the fall 2013 Citizen's Police Academy Graduates.

## 2013-88 CONSENT AGENDA:

### A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve minutes of the October 22<sup>nd</sup> City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

### B. Sludge Hauling and Disposal. PUBLIC WORKS

SUMMARY OF REQUEST: Authorize staff to enter into an agreement with Ottawa County Farms Landfill and Cordes Trucking for \$23,634.

FINANCIAL IMPACT: \$23,634.

BUDGET ACTION REQUIRED: Budgeted.

STAFF RECOMMENDATION: Staff recommends acceptance of the bid from Ottawa County Farms Landfill and Cordes Trucking for sludge removal and disposal.

### C. Moratorium on Fees for 2014 Vacant Buildings. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Request to approve a moratorium on fees charged to owners of vacant buildings that are entering their sixth year billing cycle or under in 2014. Eligibility requirements for the moratorium of fees charged are proposed to remain the same as 2013. Moratoriums would be determined based on the criteria included on the Vacant Building Registration Moratorium with one addition to item number 3 of the criteria (in bold):

3. There were no more than 2 environmental letters sent to the address with no work being performed at the address in the vacancy years in question **nor did the City need to board the structure in order to secure it.**

FINANCIAL IMPACT: Exact amount unknown, but should be minimal.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Staff recommends approval of a fee moratorium for vacant building invoices meeting the approved criteria.

### D. Emergency Pump Replacement at Beach Street Lift Station. PUBLIC WORKS

SUMMARY OF REQUEST: Authorize staff to purchase a new pump from Kennedy Industries for the Beach Street Lift Station.

FINANCIAL IMPACT: Total cost \$16,603.

BUDGET ACTION REQUIRED: None, expenditures for the purchase would come from the Sewer Budget.

STAFF RECOMMENDATION: Approve purchase.

**E. Acceptance of an Easement from ADAC Automotive, Inc. at the Southwest Corner of Keating and Port City Blvd.** ENGINEERING

SUMMARY OF REQUEST: Accept a bike path easement from ADAC Automotive Inc., to construct and maintain a bike path at the southwest corner of Keating Ave. and Port City Blvd. and authorize the Mayor and Clerk to sign the easement documents and direct staff to record said easement.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Accept easement and direct staff to record said easement.

**F. Winter Closure of Beach Street between Lakeshore Drive and Beachwood Park from the 3<sup>rd</sup> Friday in December to the 3<sup>rd</sup> Friday in March.** PUBLIC WORKS

SUMMARY OF REQUEST: Authorize staff to annually close Beach Street from Lakeshore Drive to Beachwood Park. The closure would take effect from the third Friday in December until the third Friday of the following March.

FINANCIAL IMPACT: Cost of man-power to install signage/barricades, if approved.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Authorize staff to annually install signage/barricades for the Temporary 90-Day Closure of Beach Street.

**G. Approval of the Fair Housing Agreement with Muskegon County.** COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: The Cities of Muskegon, Muskegon Heights, Norton Shores and the County of Muskegon are entering into an agreement with the Fair Housing Center of West Michigan to conduct fair housing testing in the County of Muskegon per the recommendation of the 2009 Analysis of Impediments Report.

FINANCIAL IMPACT: Based on population, the City of Muskegon will pay \$4,675 of the \$15,000 cost.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the Agreement and authorize the Mayor to sign.

**H. Extending the Master Plan. PLANNING & ECONOMIC DEVELOPMENT**

SUMMARY OF REQUEST: The Michigan Zoning and Enabling Act requires that municipalities review their Master Plan every five years and decide whether they need to update it or extend the current plan. Staff feels that current plan developed 1997, which was also updated in 2008, is still sufficient and that focus should be put on the current zoning ordinance amendment. Planning Commission unanimously voted in favor of extending the current Master Plan at their special meeting on October 31. Staff is requesting permission to extend the Master Plan and to authorize staff to distribute the Master Plan to surrounding municipalities and ask for comments as required by the Michigan Zoning and Enabling Act. The municipalities will have 63 days to comment, then the Planning Commission will hold a public hearing to extend the current plan.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval to extend the Master Plan and authorization to distribute the plan.

**I. Resolution Authorizing the SAW Grant Agreement. ENGINEERING**

SUMMARY OF REQUEST: Adopt the resolution for the SAW Grant which Prein & Newhof (engineer) was authorized back in June of this year to prepare.

FINANCIAL IMPACT: None at this time.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Adopt the resolution.

**Motion by Commissioner Wierengo, second by Commissioner Hood to accept the Consent Agenda as presented.**

**ROLL VOTE: Ayes: Gawron, Hood, Spataro, German, Wierengo, Turnquist, and Markowski**

**Nays: None**

***MOTION PASSES***

**2013-89 PUBLIC HEARINGS:**

**A. Request for an Industrial Facilities Exemption Certificate – ADAC Plastics, 2050 Port City Blvd. PLANNING & ECONOMIC DEVELOPMENT**

SUMMARY OF REQUEST: Pursuant to Public Act 198 of 1974, as amended, ADAC Plastics, 2050 Port City Blvd., has requested the issuance of an Industrial Facilities Tax Exemption Certificate. The company will be making an investment of \$725,000 in real property improvements and plans on creating up to 90 jobs as part of the overall project, qualifying them for a 12-year abatement.

FINANCIAL IMPACT: The City will capture certain additional property taxes

generated by the expansion.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the resolution granting an Industrial Facilities Exemption Certificate for a term of 12 years on real property.

The Public Hearing opened to hear and consider any comments from the public. John Shape, ADAC Automotive, explained the item and thanked the City. Comments were heard from Ed Garner, Muskegon Area First.

**Motion by Vice Mayor Spataro, second by Commissioner German to close the Public Hearing and approve the resolution granting an Industrial Facilities Exemption Certificate for a term of 12 years on the real property described.**

**ROLL VOTE: Ayes: Spataro, German, Wierengo, Turnquist, Markowski, Gawron, and Hood**

**Nays: None**

**MOTION PASSES**

**B. Request for an Industrial Facilities Exemption Certificate – ADAC Plastics, 2653 Olthoff Dr. PLANNING & ECONOMIC DEVELOPMENT**

SUMMARY OF REQUEST: Pursuant to Public Act 198 of 1974, as amended, ADAC Plastics, 2653 Olthoff Drive, has requested the issuance of an Industrial Facilities Tax Exemption Certificate. The company will be making an investment of \$926,270 in real property improvements and plans on creating up to 90 jobs as part of the overall project, qualifying them for a 12-year abatement.

FINANCIAL IMPACT: The City will capture certain additional property taxes generated by the expansion.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the resolution granting an Industrial Facilities Exemption Certificate for a term of 12 years on real property.

The Public Hearing opened to hear and consider any comments from the public. No public comments were made.

**Motion by Commissioner Hood, second by Commissioner Markowski to close the Public Hearing and approve the resolution granting an Industrial Facilities Exemption Certificate for a term of 12 years.**

**ROLL VOTE: Ayes: German, Wierengo, Turnquist, Markowski, Gawron, Hood, and Spataro**

**Nays: None**

**MOTION PASSES**

**C. Request for an Exemption of New Personal Property (PA 328) – ADAC**

**Plastics, 2050 Port City Blvd.** PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Pursuant to Public Act 328 of 1998, as amended, ADAC Plastics, Inc., 2050 Port City Blvd., has requested an exemption of new personal property. The company plans on investing over \$5.7 million in personal property improvements at two Muskegon locations and is seeking a 12-year exemption on personal property. The exemption would include all new personal property investments during the duration of the exemption. The company plans on hiring 90 employees as part of the overall project.

FINANCIAL IMPACT: The City will forgo 100% of the new personal property taxes for the length of the abatement.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the exemption of new personal property for a duration of 12 years.

The Public Hearing opened to hear and consider any comments from the public. No public comments were made.

**Motion by Commissioner Markowski, second by Vice Mayor Spataro to close the Public Hearing and approve the request for an exemption of new personal property (PA 328) for ADAC Plastics, 2050 Port City Blvd, for a duration of 12 years.**

**ROLL VOTE: Ayes: Wierengo, Turnquist, Markowski, Gawron, Hood, Spataro, and German**

**Nays: None**

***MOTION PASSES***

**D. Request for an Exemption of New Personal Property (PA 328) – ADAC Plastics, 2653 Olthoff Dr.** PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Pursuant to Public Act 328 of 1998, as amended, ADAC Plastics, Inc., 2653 Olthoff Dr., has requested an exemption of new personal property. The company plans on investing over \$5.7 million in personal property improvements at two Muskegon locations and is seeking a 12-year exemption on personal property. The exemption would include all new personal property investments during the duration of the exemption. The company plans on hiring 90 employees as part of the overall project.

FINANCIAL IMPACT: The City will forgo 100% of the new personal property taxes for the length of the abatement.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the exemption of new personal property for a duration of 12 years.

The Public Hearing opened to hear and consider any comments from the public. No public comments were made.

**Motion by Commissioner Turnquist, second by Commissioner Wierengo to close the Public Hearing and approve the exemption of new personal property for a duration of 12 years for ADAC Plastics, 2653 Olthoff Dr.**

**ROLL VOTE: Ayes: Turnquist, Markowski, Gawron, Hood, Spataro, German, and Wierengo**

**Nays: None**

**MOTION PASSES**

**2013-90 NEW BUSINESS:**

**A. Transmittal of 6/30/13 Comprehensive Annual Financial Report.**  
FINANCE

SUMMARY OF REQUEST: The City's *June 30, 2013 Comprehensive Annual Financial Report* (CAFR) has previously been distributed to City Commissioners via email and hard copy. The CAFR is also available on the City's website at [www.shorelinecity.com](http://www.shorelinecity.com). The CAFR includes the annual independent auditor's report required by state law. At this time the CAFR is being formally transmitted to the City Commission. The CAFR has been prepared in accordance with all current Governmental Accounting Standards Board (GASB) pronouncements and also includes the single-audit of federal grants received by the City.

FINANCIAL IMPACT: The CAFR report summarizes the City's financial activities for the year and includes the independent auditor's unqualified opinion on the City's financial statements.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Acceptance of the June 30, 2013, CAFR and authorization for staff to transmit the CAFR to appropriate federal, state and private agencies.

**Motion by Vice Mayor Spataro, second by Commissioner Wierengo to accept the June 30, 2013, CAFR and authorize staff to transmit the CAFR to appropriate federal, state and private agencies.**

**ROLL VOTE: Ayes: Hood, Spataro, German, Wierengo, Turnquist, Markowski, and Gawron**

**Nays: None**

**MOTION PASSES**

**B. Supplemental MERS Contribution.** FINANCE

SUMMARY OF REQUEST: One of the biggest financial challenges facing the City is pension funding. Relative to other cities, Muskegon's pension plans are

considered very well-funded. Moreover, the city has already made difficult choices – including closing defined benefit pensions to new hires – that will stop the further accumulation of long-term pension liabilities. Still, paying down our existing pension legacy costs will present budget challenges for many years to come.

Based on successful financial results for the fiscal year ended June 30, 2013, staff believes it is appropriate to take this opportunity to make a \$500,000 supplemental payment (above the actuarial computed contribution amount) to MERS. This is money that the city would be required to pay to MERS eventually. Paying early - while we are in a position to afford it - ensures time remains an ally (instead of an enemy) and will help ease pressure on future city budgets.

FINANCIAL IMPACT: \$500,000 supplemental payment to MERS. The impact to the fund balance of the City's general fund will be \$300,000. The remaining \$200,000 will be paid from monies previously set aside for MERS in the collector fund.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Authorize staff to make a supplemental \$500,000 payment to MERS no later than December 31, 2013.

**Motion by Vice Mayor Spataro, second by Commissioner Hood to authorize staff to make a supplemental \$500,000 payment to MERS no later than December 31, 2013.**

**ROLL VOTE: Ayes: Markowski, Gawron, Hood, Spataro, German, Wierengo, and Turnquist**

**Nays: None**

**MOTION PASSES**

**C. First Quarter 2013-14 Budget Reforecast. FINANCE**

SUMMARY OF REQUEST: At this time staff is transmitting the ***First Quarter 2013-14 Budget Reforecast*** which outlines proposed changes to the original budget that have come about as result of changes in revenue projections, policy priorities, labor contracts, updated economic conditions, or other factors.

FINANCIAL IMPACT: Major first quarter proposed adjustments are as follows:

- The actual FY13 year-end fund balance for the General Fund was \$5,653,558 as compared to the estimated \$5,552,504 used in preparing the FY14 budget.
- General fund revenues are estimated to be \$103,042 higher than originally budgeted. The increase is attributable to higher building permit fees and state shared revenues.

- General Fund expenditures are forecast to be \$367,350 higher than originally budgeted:
  - It is recommended that a supplemental \$300,000 general fund contribution to MERS be made prior to year-end (see related agenda item).
  - Inspection costs will be \$58,000 higher than budgeted due to higher than anticipated building activity and permit revenues.
- Other city funds are mostly in-line with original budget projections. Some proposed changes to these funds include:
  - Equipment fund revenues/expenditures are adjusted to reflect receipt of grant for police radios. Also, a large sewer jet truck purchase originally scheduled for FY13 was made in FY14.
  - Sewer fund revenues/expenditures are adjusted to reflect receipt of grant for infiltration study.
  - Marina & Launch Ramp fund revenues/expenditures are adjusted to reflect receipt of grant for dredging.

BUDGET ACTION REQUIRED: City Commission approval of this reforecast will formally amend the City's 2013-14 budget.

STAFF RECOMMENDATION: Approval.

**Motion by Commissioner Hood, second by Commissioner German to approve the budget reforecast for 2013-2014.**

**ROLL VOTE: Ayes: Gawron, Hood, Spataro, German, Wierengo, Turnquist, and Markowski**

**Nays: None**

**MOTION PASSES**

**D. Rental Program and Environmental Code Compliance Professional Services Agreement. PLANNING & ECONOMIC DEVELOPMENT**

SUMMARY OF REQUEST: To approve the Agreement with SafeBuilt of Michigan, Inc. to provide rental program and environmental code compliance services to the City of Muskegon, including the Lease Agreement (Exhibit C). The Vacant Building and Dangerous Building programs will remain with the Community & Economic Development Division, with a supervisor and an inspector.

FINANCIAL IMPACT: The contract will save the City on costs associated with the rental program and environmental code compliance services. Also, it is anticipated that additional funds will be generate through broader enforcement and oversight of all programs.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To approve the agreement between the City of Muskegon and SafeBuilt of Michigan, Inc. and to authorize the Mayor and

Clerk to execute the contract at the discretion of City staff on or after December 1, 2013.

**Motion by Vice Mayor Spataro, second by Commissioner Wierengo to approve the agreement between the City of Muskegon and SafeBuilt of Michigan, Inc. and to authorize the Mayor and Clerk to execute the contract at the discretion of City staff on or after December 1, 2013.**

**ROLL VOTE: Ayes: Hood, Spataro, German, Wierengo, Turnquist, Markowski, and Gawron**

**Nays: None**

***MOTION PASSES***

**E. Next Michigan/West Michigan Economic Partnership – Interlocal Agreement for the West Michigan Economic Development Partnership.**  
**PLANNING & ECONOMIC DEVELOPMENT**

SUMMARY OF REQUEST: The West Michigan Economic Partnership (WMEP) Board is prepared to recommend Next Michigan zones for our jurisdictions at their next meeting on November 13, 2013. Once approved by the WMEP, the zones will be forwarded to the Michigan Economic Development Corporation (MEDC) for final approval. Once the zones are approved, the MEDC, as well as local entities, may start marketing them for development. In addition, the WMEP is expected to receive a marketing grant from MEDC to assist with its efforts. The zone recommended for Muskegon starts at the Mart Dock property and proceeds to the Verplank property, along the shoreline. It is anticipated that additional land may be added in the future (i.e., the Consumers Energy parcel/s).

FINANCIAL IMPACT: WMEP has established a budget of \$69,314 for a two-year period. Each of the five participating municipalities will be responsible for \$9,862.80. In Muskegon's case, we have commitments from Mart Dock, Verplank, Consumers Energy, the County and the City to meet the budget.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To recommend approval to the WMEP for the Next Michigan Zone for Muskegon, as depicted on the map. The zone starts at Mart Dock on the west and proceeds along the Muskegon Lake shoreline to the Verplank property on the east.

**Motion by Commissioner Hood, second by Commissioner Turnquist to approve the Next Michigan/West Michigan Economic Partnership – Interlocal Agreement for the West Michigan Economic Development Partnership.**

**ROLL VOTE: Ayes: Spataro, German, Wierengo, Turnquist, Markowski, Gawron, and Hood**

Nays: None

**MOTION PASSES**

**F. Concurrence with the Housing Board of Appeals Notice and Order to Demolish the Following: PUBLIC SAFETY**

**224 W. Grand**

**850 Turner**

**860 Emerson (Garage Only)**

**1324 Pine**

**1459 Terrace**

**868 W. Hackley**

**345 W. Grand**

**709 E. Apple (Remove Concrete from Second Garage Only)**

SUMMARY OF REQUEST: This is to request that the City Commission concur with the findings of the Housing Board of Appeals that the structures are unsafe, substandard, a public nuisance and that they be demolished within 30 days. It is further requested that administration be directed to obtain bids for the demolition of the structures and that the Mayor and City Clerk be authorized and directed to execute a contract for demolition with the lowest responsible bidder.

FINANCIAL IMPACT: CDBG Funds, and CDBG Funds or General Fund depending on State Historic Preservation Office determination for 1459 Terrace.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To concur with the Housing Board of Appeals decision to demolish.

**Motion by Vice Mayor Spataro, second by Commissioner German to concur with the Housing Board of Appeals notice and order to demolish 850 Turner, 860 Emerson (garage only), 1324 Pine, 1459 Terrace, and 868 W. Hackley.**

**ROLL VOTE: Ayes: German, Wierengo, Turnquist, Markowski, Gawron, Hood, and Spataro**

**Nays: None**

**MOTION PASSES**

**Motion by Vice Mayor Spataro, second by Commissioner Hood to concur with the Housing Board of Appeals notice and order to demolish 224 W. Grand.**

**ROLL VOTE: Ayes: Wierengo, Turnquist, Markowski, Gawron, Hood, Spataro, and German**

**Nays: None**

***MOTION PASSES***

**Motion by Vice Mayor Spataro, second by Commissioner German to concur with the Housing Board of Appeals notice and order to demolish 345 W. Grand.**

**ROLL VOTE: Ayes: Turnquist, Markowski, Gawron, Hood, Spataro, German, and Wierengo**

**Nays: None**

***MOTION PASSES***

**Motion by Vice Mayor Spataro, second by Commissioner German to concur with the Housing Board of Appeals notice and order to demolish 709 E. Apple (remove concrete from second garage only).**

**ROLL VOTE: Ayes: Markowski, Gawron, Spataro, Wierengo, and Turnquist**

**Nays: Hood and German**

***MOTION PASSES***

**ANY OTHER BUSINESS:** Comments were made reference no sidewalks on Market Street in the site plan for the new Farmer's Market.

**ADJOURNMENT:** The City Commission Meeting adjourned at 7:40 p.m.

Respectfully submitted,

Ann Marie Cummings, MMC  
City Clerk