CITY OF MUSKEGON

CITY COMMISSION MEETING

NOVEMBER 10, 2009

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 10, 2009.

Vice Mayor Gawron opened the meeting with a prayer from Commissioner Spataro after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Vice Mayor Stephen Gawron, Commissioners Chris Carter, Lawrence Spataro, Sue Wierengo, Steve Wisneski, City Manager Bryon Mazade, City Attorney John Schrier, and City Clerk Ann Marie Becker.

Absent: Mayor Stephen Warmington and Commissioner Clara Shepherd (both excused).

2009-94 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve the minutes of the Regular Commission Meeting that was held on Tuesday, October 27, 2009.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

B. Clean Indoor Air Regulation Policy. CIVIL SERVICE

SUMMARY OF REQUEST: Pursuant to the Muskegon County Clean Indoor Air Regulation, the City is required to adopt a policy prohibiting smoking in all enclosed worksites and public places as specified in Sections 1005-1007 of the Regulation.

FINANCIAL IMPACT: Minimal.

BUDGET ACTION REQUIRED: None. Required signage purchased from 2009 budget allocation.

STAFF RECOMMENDATION: Staff respectfully requests City Commission approval

of the Clean Indoor Air Regulation Policy proposal.

C. <u>Water Rate Adjustments.</u> FINANCE

SUMMARY OF REQUEST: The City intends to hold residential/commercial water commodity charges at current levels for 2010. However, staff is recommending the following minor changes to the City's water rate schedule to facilitate operational issues, including implementation of monthly utility billing:

- Set the delinquent payment penalty to 0% for the period from December 1, 2009 until April 1, 2010 to allow citizens to become familiar with the monthly billing cycle;
- Establish credits of $0.75 (each) for participation in the City's eBill and/or Autopay programs. Customers participating in both programs will save $18/year;
- Put into resolution form the longstanding practice of billing non-resident water users not covered by separate agreement at two times the City's water rate.

FINANCIAL IMPACT: The proposed water rate adjustments will facilitate implementation of monthly billing and facilitate the streamlining of operations by encouraging participation in cost-effective billing and payment programs.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Adoption of the fee adjustment resolution.

D. <u>Consideration of 2010 COLA for Retirees.</u> FINANCE

SUMMARY OF REQUEST: It is time to consider whether an annual cost of living adjustment (COLA) should be awarded to City retirees. Under the City's COLA program, permanent cost of living increases are made to pensioners retired five years or more. COLA payments are capped at 75% of the CPI and are payable only when investment performance exceeds estimates and the COLA is deemed affordable. In 2009, a 0.50% COLA was granted.

The collapse of the financial markets in late 2008 took a big toll on the City's pension funds as noted in the most recent actuarial valuation:

> "The dramatic price declines across the world financial markets in 2008 led to volatility unlike any experienced in decades. 2009 has continued to be only somewhat less volatile….If the December 31, 2008 valuation results were based on market value on that date instead of 10-year smoothed funding value: i) the funded percent of your entire municipality would be 72% (instead of 100%); and ii) your total employer contribution requirement for the fiscal year starting January 1, 2010 would be $4,427,460 (instead of $1,084,944). If the investment markets do not turn around, employer contribution requirements can be expected to rise. MERS is doing everything it

can to make sure that if this proves to be the case, the increases are incremental as opposed to steep."

Given the unprecedented economic and investment environment we are in and the severe market losses suffered by the City's pension funds, staff is recommending no retiree COLA be awarded for the year beginning January 1, 2010.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Commission action affirming staff's recommendation that no COLA increase be granted to City retirees in 2010.

E. Control System Annual Software Support. WATER FILTRATION

SUMMARY OF REQUEST: Renewal of the annual customer support for the Wonderware control system software at the Water Filtration Plant.

FINANCIAL IMPACT: A one-time cost of $9,946.76.

BUDGET ACTION REQUIRED: None. This item is budgeted.

STAFF RECOMMENDATION: Staff requests authorization to renew the annual software customer support agreement at a cost of $9,946.76 for 2010.

F. Request to Deny Acceptance of Three Vacant Lots that were not Sold During the Tax Sale for 2009. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: The County of Muskegon held two delinquent tax auctions during 2009. There were three properties left after the last auction. According to the State's new tax laws, the City must state that they are not interested in obtaining them, otherwise the City will automatically receive them. From the list that was provided, all three parcels are vacant non buildable lots.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To deny acceptance of the three vacant lots and authorize both the Mayor and the Clerk to sign said resolution.

COMMITTEE RECOMMENDATION: The Land Reutilization Committee recommended not to accept the properties at their meeting of October 27, 2009.

G. Request for Encroachment Agreement for 1983 Lakeshore Drive – Marine Tap Room, Inc. ENGINEERING

SUMMARY OF REQUEST: Marine Tap Room, Inc. has submitted an encroachment agreement form requesting your permission to place a sign on their property which will extend over public sidewalk.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the encroachment agreement with the supplemental conditions.

H. Engineering Services to Muskegon Heights. ENGINEERING

SUMMARY OF REQUEST: Authorize staff to negotiate an engineering services agreement with Muskegon Heights to survey, design and provide construction oversight for the reconstruction of Getty Street.

Furthermore, should the City Manager and Attorney find the agreement acceptable; the Manager be authorized to execute said agreement.

FINANCIAL IMPACT: None at this time.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Authorize staff to negotiate and execute the agreement.

I. Revocation of Industrial Facilities Tax Exemption Certificate for RC Productions. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Pursuant to Public Act 198 of 1974, as amended, the City of Muskegon requests that the Industrial Facilities Tax Exemption Certificate (number 99-700) for RC Productions at 1756 Lakeshore Drive be revoked. The industrial activity for which the certificate was granted is no longer in production at this location.

FINANCIAL IMPACT: The business will now be charged the full tax rate.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Staff recommends revocation of the IFT.

J. Appointment to the District Library Board. CITY CLERK

SUMMARY OF REQUEST: To appoint Clayton Hardiman to the District Library Board.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval.

COMMITTEE RECOMMENDATION: The Community Relations Committee recommended this appointment at their November 9th meeting.

Motion by Commissioner Carter, second by Commissioner Wierengo to approve the Consent Agenda as read.

ROLL VOTE: Ayes: Gawron, Spataro, Wierengo, Wisneski, and Carter

Nays: None

MOTION PASSES

2009-95 NEW BUSINESS:

A. <u>Laketon Township Intergovernmental Sewer System Maintenance Agreement.</u> PUBLIC WORKS

SUMMARY OF REQUEST: Approve the agreement between Laketon Township and the City of Muskegon DPW to enter into a Sewer System Operation and Maintenance Agreement.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

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

Motion by Commissioner Carter, second by Commissioner Spataro to approve the Laketon Township Intergovernmental Sewer System Maintenance Agreement.

ROLL VOTE: Ayes: Spataro, Wierengo, Wisneski, Carter, and Gawron

Nays: None

MOTION PASSES

B. <u>Madison Street Fire Station Purchase Request.</u> PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Jon Ritz, of Ritz Properties, is offering a bid of $10,000 for the fire station that is for sale at 1774 Madison Street. The building would be used to start a new business, Muskegon Handiman Services, LLC. The company would offer small scale handyman services and would employee up to three people. Ritz Properties was approved for a special use permit for the property during the October Planning Commission meeting, contingent upon purchase of the building.

FINANCIAL IMPACT: Purchase price of $10,000; $635 annually from income tax of three jobs; $620 annually from property taxes.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the sale of the building.

Motion by Commissioner Spataro, second by Commissioner Wierengo to approve the sale of the Madison Street Fire Station as requested.

ROLL VOTE: Ayes: Spataro, Wierengo, Wisneski, Carter, and Gawron

Nays: None

MOTION PASSES

C. <u>Acquisition of Property for a Right Turn Radius through Eminent Domain Portion of 1813 S. Getty Street.</u> PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: The City had sent a letter to Samei Btk, owner of 1813 S. Getty on July 14, 2009, with an offer of $500 to purchase a small corner of the parking area of the property. He declined the offer. The County Equalization Department has placed a value on the portion that the City would need to obtain and that amount is $758.44. Staff sent a second letter on October 23, 2009 with an offer of $758.44. The owner has not accepted nor made a counter offer. It is necessary to begin eminent domain proceedings in order to acquire the property.

FINANCIAL IMPACT: The sum of $1,000 will need to be placed with the County Treasurer's Office to show that the funds are segregated.

BUDGET ACTION REQUIRED: To allow payment of $1,000 from the Public Improvement Fund.

STAFF RECOMMENDATION: To approve the resolution and to authorize both the Mayor and the Clerk to sign said resolution and Declaration of Taking with the City Engineer to sign the Affidavit of Deposit.

Motion by Commissioner Spataro, second by Commissioner Carter to approve the acquisition of property for a right turn radius through Eminent Domain for a portion of 1813 S. Getty Street.

ROLL VOTE: Ayes: Wierengo, Wisneski, Carter, Gawron, and Spataro

Nays: None

MOTION PASSES

ADJOURNMENT: The City Commission Meeting adjourned at 5:43 p.m.

Respectfully submitted,

Ann Marie Becker, MMC
City Clerk