CITY OF MUSKEGON

CITY COMMISSION MEETING

OCTOBER 25, 2011

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, October 25, 2011.

Mayor Warmington opened the meeting with a prayer from Pastor Tim Cross from the Living Word Church of Muskegon after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen Warmington, Vice Mayor Stephen Gawron, Commissioners Clara Shepherd, Lawrence Spataro, Sue Wierengo, and Chris Carter, City Manager Bryon Mazade, City Attorney John Schrier, and City Clerk Ann Marie Cummings.

Absent: Commissioner Steve Wisneski (excused)

2011-77 HONORS AND AWARDS:

A. 2011 Employee Service Awards.

Mayor Warmington introduced the City employees. The Mayor and Commissioners thanked them for their years of service.

2011-78 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve minutes of the October 10th Commission Worksession Meeting and the October 11th City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

B. Change in the Income Guidelines for CDBG Emergency Repair and HOME Weatherization. COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: To approve Community & Neighborhood Services to change the Income Guidelines for all CDBG programs and HOME Weatherization programs to 60% Area Median Income (AMI).

CDBG and HOME Weatherization programs are similar in regard to repairs provided with grant funds. It will benefit if staff provides a uniform income calculation range for each of our programs: Emergency Repair, Weatherization and Vinyl Siding.

FINANCIAL IMPACT: We have moved all senior head of households to the Weatherization program in order to accommodate any additional families between 50-60% AMI.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To approve the request.

COMMITTEE RECOMMENDATION: The proposal has already been approved by the Citizen's District Council at their October 4, 2011, meeting.

C. To Impose an Upfront Fee for the CDBG Emergency Repair Program. COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: To approve Community and Neighborhood Services to charge an upfront fee of $250 for all Emergency Repair Program recipients who's Area Median Income (AMI) is above 50% up to and including 60% AMI.

We can assist our underserved families in need of assistance if we increase the income requirement to 60% AMI. The additional number of families that we service between 50-60% AMI will contribute to our funding pot by $250 per family.

FINANCIAL IMPACT: This will produce program income for the CDBG Emergency Repair program.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To approve the request.

COMMITTEE RECOMMENDATION: The proposal has already been approved by the Citizen's District Council at their October 4, 2011, meeting.

D. Moratorium on Fees for 2012 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 fourth year billing cycle in 2012. Eligibility requirements for the moratorium of fees charged are proposed with some minor changes to criteria three, but intended to apply only to buildings in their fourth year billing cycle. Waivers would be determined based on the criteria included on the staff memo.

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.

E. **<u>Donation Programs for 2011 Individual Income Tax Returns.</u>** INCOME TAX

SUMMARY OF REQUEST: Approval of multiple donations programs for the 2011 income tax returns. Every year our goal is to increase the number of refunds donated to our designated programs. Last year, 480 taxpayers donated their refunds to our donation programs for a grand total of $2,696.

For 2010 the three donation programs are Lakeshore Trail Improvements, Muskegon Recreational Center, and the Downtown Main Street.

FINANCIAL IMPACT: The average amount collected each year is $2,100. Each donated refund saves the City approximately $1.25 in checks, fees and postage.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval recommended.

F. **<u>Extension of Temporary Employment Services Agreement.</u>** CITY MANAGER

SUMMARY OF REQUEST: To approve a one-year contract extension with Beacon Services, Inc. for temporary employment services. The current agreement expires at the end of the year and has an option for a one-year extension.

FINANCIAL IMPACT: Costs for services are budgeted by individual departments.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the agreement with Beacon Services, Inc. and authorize the City Manager and City Clerk to execute it.

G. **<u>Payrolling Services Agreement.</u>** CITY MANAGER

SUMMARY OF REQUEST: To approve an agreement for Beacon Services, Inc. to provide payrolling services to the City. This enables Beacon to be the employer of record for employees assigned to the City.

FINANCIAL IMPACT: Costs are budgeted by individual departments.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the agreement with Beacon Services, Inc. and authorize the City Manager to execute it.

Motion by Vice Mayor Gawron, second by Commissioner Shepherd to approve the Consent Agenda as presented.

ROLL VOTE: Ayes: Spataro, Warmington, Wierengo, Carter, Gawron, and Shepherd

Nays: None

MOTION PASSES

2011-79 NEW BUSINESS:

A. Approval of Sale of City-Owned Home at 1201 Ransom. COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: To approve the resolution and instruct the Community and Neighborhood Services department to complete the sales transaction between Mr. Andre Coffee for the totally rehabilitated home at 1201 Ransom Street, which is part of the City's Neighborhood Stabilization Program through the Michigan State Housing Development Authority Office of Community Development. Mr. Coffee's purchase price is $61,000. This historic three-bedroom, 2-1/2 bath home was previously foreclosed.

FINANCIAL IMPACT: The proceeds from the sale will be used to continue the rehabilitation of vacant houses through NSP to sustain our current investments to stabilize and revitalize neighborhoods.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution and direct the CNS staff to complete the sale.

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve the sale of the City-owned home at 1201 Ransom to Mr. Andre Coffee.

ROLL VOTE: Ayes: Warmington, Wierengo, Carter, Gawron, Shepherd, and Spataro

Nays: None

MOTION PASSES

B. Approval of Sale of City Owned Home at 1581 Division. COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: To approve the resolution and instruct the Community and Neighborhood Services department to complete the sales transaction between Mr. Robert A. Mathis for the totally rehabilitated home at 1581 Division Street, which is part of the City's HOME Infill Program through the U. S. Department of Housing and Urban Development. Mr. Mathis' purchase price is $62,700. This beautiful four-bedroom, 3-bath home was bought through HUD's $1 program.

FINANCIAL IMPACT: The proceeds from the sale will be used to continue the rehabilitation of vacant houses through the HOME program to sustain our current investments to stabilize and revitalize neighborhoods.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution and direct the CNS staff to complete the sale.

Motion by Vice Mayor Gawron, second by Commissioner Wierengo to approve the sale of the City-owned home at 1581 Division to Robert A. Mathis.

ROLL VOTE: Ayes: Wierengo, Carter, Gawron, Shepherd, Spataro, and Warmington

Nays: None

MOTION PASSES

C. <u>Vacant Building Registration Ordinance Amendment.</u> PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Request to amend the Code of Ordinances Chapter 10, Section 107, Annual Registration of Vacant Buildings and Registration Fees, for the purposes of adding a two-year waiver for properties that are in probate, being actively rehabbed so it may be occupied, or while a home appears to be occupied but is vacant by definition with proof of each being supplied by the property owner and the property may not be cited by any City department and all fees owed to the City are paid.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Staff recommends amendment of Chapter 10, Section 107, Annual Registration of Vacant Buildings and Registration Fees, for the purposes stated.

Motion by Commissioner Carter, second by Commissioner Wierengo to approve the vacant building registration ordinance amendment.

ROLL VOTE: Ayes: Carter, Gawron, Shepherd, Spataro, Warmington, and Wierengo

Nays: None

MOTION PASSES **(REQUIRES SECOND READING)**

D. <u>Transmittal of 6/30/11 *Comprehensive Annual Financial Report.*</u> FINANCE

SUMMARY OF REQUEST: The City's *June 30, 2011 Comprehensive Annual Financial Report* (CAFR) has previously been distributed to City Commissioners via both email and hard copy. The CAFR is also available on the City's website at www.shorelinecity.com. This audit covers the first full twelve-month fiscal period since the City changed its fiscal year from a 12/31 to a 6/30 end date. At this time the CAFR is being formally transmitted to the Commission in accordance with state law. The CAFR has been prepared in accordance with GASB accounting standards. The CAFR 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 CAFR for the period ended 6/30/11.

Motion by Vice Mayor Gawron, second by Commissioner Carter to accept the *Comprehensive Annual Financial Report* for the period ended June 30, 2011.

ROLL VOTE: Ayes: Carter, Gawron, Shepherd, Spataro, Warmington, and Wierengo

Nays: None

MOTION PASSES

E. <u>First Quarter 2011-12 Budget Reforecast.</u> FINANCE

SUMMARY OF REQUEST: At this time staff is transmitting the ***First Quarter 2011-12 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: Specific proposed changes to the budget include:

- The beginning fund balance for the General Fund is $4,511,382 (as audited) up from $4,187,864 estimated at the time the budget was prepared;
- Overall the general fund revenue reforecast is 2% higher than originally budgeted. The increase is mostly attributable to the following changes:
  - Increase in estimated income tax revenues from $6.5 to $6.6 million based on recent collection figures and trends;
  - Increase in state shared revenue estimate from $3.05 million to $3.425 million based on the City's expected compliance with the EVIP program and the most current revenue projection data available from the state;
- Expenditures at this point are generally on target with original budget projections. However, two notable changes are proposed:
  - The Assessing Services budget is recommended to increase $50,000 to cover costs for outside expertise and assistance with complex, high value tax appeals;
  - An unbudgeted transfer of $75,000 to the Engineering Services fund is recommended to erase a fund deficit that has now persisted for several years.

BUDGET ACTION REQUIRED: Self-explanatory.

STAFF RECOMMENDATION: Approval.

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve the First Quarter 2011-12 Budget Reforecast.

ROLL VOTE: Ayes: Gawron, Shepherd, Spataro, Warmington, Wierengo, and Carter

Nays: None

MOTION PASSES

F. <u>Consideration of 2012 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. The last COLA increase was in 2009, when a 0.50% COLA was granted.

The actuary has computed the cost of a 1% COLA adjustment as follows:

Group	Cost
Eligible General Retirees	$21,456
Eligible P&F Retirees	$53,280

The City's retirement system remains financially sound but continues to feel the impact of the collapse of the financial markets in late 2008. The most recent annual actuarial valuation contains this important warning:

"The actuarial value of assets (funding value), used to determine both your funded status and your required employer contribution, is based on a 10-year smoothed value of assets. Only a portion (three-tenths, for 2008, 2009, and 2010) of the 2008 investment market losses were recognized in this actuarial valuation report. This reduces the volatility of the valuation results, which affects your required employer contribution and actuarial funded percentage.

As of December 31, 2010 the actuarial value of assets is 116% of market value (down from 125% in 2009). This means that meeting the actuarial assumption in the next few years will require average annual market returns that exceed the 8% investment return assumption. If the December 31, 2010 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 86%

(instead of 100%); and ii) your total employer contribution requirement for the fiscal year starting July 1, 2012 would be $3,629,328 (instead of $1,012,440). If the investment markets do not fully make-up for the 2008 losses, employer contribution requirements may rise. "

Given the above and the numerous other financial challenges facing the City, staff does not believe it is prudent to commit to an additional long-term cost at this time. Therefore, it is recommended no retiree COLA be awarded for the year beginning January 1, 2012.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Commission action affirming staff's recommendation that no retiree COLA increase be granted for 2012.

Motion by Vice Mayor Gawron, second by Commissioner Carter to affirm staff's recommendation that no retiree COLA increase be granted for 2012.

ROLL VOTE: Ayes: Shepherd, Spataro, Warmington, Wierengo, Carter, and Gawron

Nays: None

MOTION PASSES

ANY OTHER BUSINESS: Mayor Warmington introduced County Commissioner Ben Cross who stated the proposed lease agreement that could eventually lead to construction of a wind farm on Muskegon County's wastewater site was approved.

Mayor Warmington recognized and thanked Finance Director Tim Paul for 26 years of dedicated service to the City of Muskegon.

PUBLIC PARTICIPATION: Public comments received.

ADJOURNMENT: The City Commission Meeting adjourned at 6:15 p.m.

Respectfully submitted,

Ann Marie Cummings, MMC
City Clerk