CITY OF MUSKEGON

CITY COMMISSION MEETING

SEPTEMBER 22, 2020 @ 5:30 P.M.

MUSKEGON CITY COMMISSION CHAMBERS
REMOTE MEETING
933 TERRACE STREET, MUSKEGON, MI 49440

MINUTES

The Regular Commission Meeting of the City of Muskegon was held electronically with the Mayor, Vice Mayor and Commissioners participating via Zoom – a remote conferencing service, Clerk staff present at 933 Terrace Street, Muskegon, MI at 5:30 p.m., Tuesday, September 22, 2020.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen J. Gawron, Vice Mayor Eric Hood, Commissioners Ken Johnson, Dan Rinsema-Sybenga, Willie German, Jr., Michael Ramsey, and Teresa Emory, City Manager Frank Peterson, City Attorney John Schrier, and City Clerk Ann Meisch.

PUBLIC COMMENT ON AGENDA ITEMS: Public comments were received.

2020-66 CONSENT AGENDA:

A. Approval of Minutes City Clerk

SUMMARY OF REQEUST: To approve the minutes of the August 31, 2020 Special Worksession meeting and the September 8, 2020 Regular City Commission meeting.

STAFF RECOMMENDATION: To approve the minutes.

B. MERS Representatives Finance

SUMMARY OF REQUEST: The MERS plan document provides that "the governing body for each municipality shall certify the names of two (2) delegates to the Annual Meeting. One delegate shall be a member who is an officer of the municipality appointed by the governing body of the municipality. The other delegate shall be a member who is not an officer of the municipality, elected by the member officer/employees of the municipality."

The City's employee units previously agreed to a rotating system (based on date of joining MERS) to select one official employee representative. This year the official employee representative attending the MERS conference will be Josh DeHoag from the Police Unit.

It is recommended that Kenneth Grant (Assistance Finance Director) be designated as the City's employer delegate.

STAFF RECOMMENDATION: Certification of Kenneth Grant and Josh DeHoag to be the City's officer and employee delegates at the virtual MERS annual business meeting on September 24, 2020.

C. <u>Alum Rapid Mixer</u> Public Works – Filtration

SUMMARY OF REQUEST: Filtration plant is requesting approval to procure custom designed new rapid mixer from Fusion Fluid Equipment to replace the current mixer.

Filtration Plant had two rapid mixers from Texas based firm Mastrrr to feed alum and were prone to frequent failure of bearings. Two years ago, we contacted Fusion Fluid, a local firm, to provide a custom designed solution with replaceable parts. The new mixer was procured and installed in January 2019 and has been running well. Plant is requesting to procure one more custom designed unit to replace the remaining Mastrrr mixer at a cost of $23,793. The funding will come from budgeted item for Water Filtration Plant – WMRWA Eligible in the 20/21 Budget for $500,000.

AMOUNT REQEUSTED: $23,793 AMOUNT BUDGETED: $500,000

FUND OR ACCOUNT: 591

STAFF RECOMMENDATION: Authorize staff to procure mixer from Fusion Fluid Equipment at cost of $23,793.

F. <u>Amendment to the Zoning Ordinance</u> Planning

SUMMARY OF REQUEST: Staff-initiated request to amend the Form Based Code, Urban Residential section of the zoning ordinance to restrict three and four unit homes to parcels that have an alley or other recorded rear access easement for vehicles.

STAFF RECOMMENDATION: To approve the rezoning request.

J. <u>Lakeside Corridor Improvement Authority</u> Economic Development

SUMMARY OF REQUEST: The Lakeside BID Board and the Lakeside District Association have requested that the City allow the establishment of a Corridor Improvement Authority, pursuant to Public Act 57 of 2018.

The Lakeside Business Improvement District Board has recommended a special assessment amount to fund BID improvements in the Lakeside Corridor, but would like to establish a TIF District to eventually replace the extra assessment on property owners in that corridor. This compromise was originally discussed in 2019, prior to the approval and creation of the Lakeside BID. The CIA would act similarly to the Downtown Development Authority, collecting TIF funds that would be used to make improvements, maintain streetscaping and landscaping, and to promote the business corridor. In your packet is a resolution of intent that begins the public hearing and notice process to establish the CIA. Staff has also provided an information packet on Corridor Improvement Authorities, their operations, and what they can statutorily use their funding to do. The Resolution of Intent provided in the packet would begin the process and staff would complete all required publications and postings prior to the hearing at the second regular meeting in October.

STAFF RECOMMENDATION: To approve the Resolution of Intent to Establish a Lakeside Corridor Improvement Authority and schedule the required public hearing as presented.

N. <u>Social District Permit Recommendation</u> Economic Development

STAFF RECOMMENDATION: The City Commission must recommend approval of the Michigan Liquor Control Commission permits of participating licensed establishments in the Downtown Muskegon Social District.

With the establishment of the Muskegon Social District, participating licensed establishments must receive a Social District permit from the Michigan Liquor Control Commission. The MLCC must first receive a recommendation for approval from the City Commission before granting the permits. You handled the initial eight such requests at your August 25 and September 8 meetings. The attached resolution is for Smash Wine Bar which is also seeking a Social District permit from the state and seeking City Commission recommended approval. The social District plan identifies 22 potential participating licensees within the district. Other licensed establishments may file a Social District permit application in the future.

STAFF RECOMMENDATION: To approve the resolution recommending Michigan Liquor Control Commission approval of Social District permits in the Downtown Muskegon Social District and to direct the City Clerk to certify the City Commission action with the MLCC.

O. <u>Election Grant</u> City Clerk

SUMMARY OF REQUEST: The City of Muskegon has received an Election Grant from the Center for Tech and Civic Life that requires no match. Staff is requesting to purchase items as spelled out in the grant for Election use.

We are investigating the cost of additional needed services/items related to Elections and a detailed report will be given to Commission at a later date.

The grant specifically indicates the funds may be used for Elections only and the existing budget for Elections may not be reduced. Funds must be spent by December 31st of this year. The grant indicates we will be receiving $433,580. We are currently confirming this amount.

The grant is to purchase a high-speed tabulator, standard tabulator, Election booths, computers for precincts, meals for workers, signage, and marketing of the Election including billboards, radio, and television ads. We are also investigating the possibility of drive-up voting as well as mobile voting/registration and other activities. The grant also stipulates that the funds can be used as hazard pay for Election Workers. We would request a one-time increase of $5 per hour for Election staff and Election workers.

Motion by Commissioner Rinsema-Sybenga second by Commissioner Ramsey to approve the consent agenda as presented, except item D, E, G, H, I, K, L and M.

ROLL VOTE: Ayes: Gawron, Hood, Ramsey, German, Rinsema-Sybenga, Emory, and Johnson

Nays: None

MOTION PASSES

2020-67 REMOVED FROM CONSENT AGENDA:

D. <u>Muskegon Fire Department Boat Motor Replacement</u> Public Safety

SUMMARY OF REQUEST: Unit 73 (Rescue/Recovery Boat) has experienced outboard motors problems for some time. The motors were NOT reliable and spent time in the shop during the summer months. Baker Marine advised that the starboard motor had a piston malfunction and was not worth fixing due to the fact that engine is 20 years old. A new dual motor system was recommended to replace our current twin Mercury Optima 150hp outboards. We will also sell and/or trade in the existing motors that may reduce the overall cost of the replacement project. I recommend at this time that the motors be purchased, installed and serviced by Sports Fisherman's of Muskegon.

AMOUNT REQUESTED: $28,186

FUND OR ACCOUNT: 101-50336-5770

STAFF RECOMMENDATION: Approve the purchase request for two boat motors.

Motion by Commissioner Johnson second by Commissioner Rinsema-Sybenga to approve the purchase request for two boat motors.

ROLL VOTE: Ayes: Hood, Ramsey, German, Rinsema-Sybenga, Emory, Johnson, and Gawron

Nays: None

MOTION PASSES

E. <u>Muskegon Fire Department Engine Purchase</u> Public Safety

SUMMARY OF REQUEST: The Fire Department is currently in need of a second reserve engine. We are requesting the approval for the purchase of a pre-owned 2001 Spartan/KME fire apparatus to replace Reserve Engine 22. An inspection was completed and staff recommended the purchase of this apparatus to enhance our capabilities at Fire to provide a dependable Reserve Engine when a frontline engine is in need of repair. Inspecting Fire Staff advised this asking price was fair. Please review the attached picture and description from Deputy Director Paulson.

AMOUNT REQUESTED: $35,000

FUND OR ACCOUNT: 101-50336-5720

STAFF RECOMMENDATION: Purchase approval for a used Fire Engine from Saginaw Township Fire Department.

Motion by Commissioner Johnson second by Commissioner German to approve the purchase of a used Fire Engine from Saginaw Township Fire Department.

ROLL VOTE: Ayes: Ramsey, German, Rinsema-Sybenga, Emory, Johnson, Gawron, and Hood

Nays: None

MOTION PASSES

G. <u>Amendment to the Zoning Ordinance – Marihuana Overlay District</u>
Planning – SECOND READING

SUMMARY OF REQUEST: Staff-initiated request to amend Section 2331 of the zoning ordinance to include 863 and 885 E Apple Avenue into the marihuana facilities overly district. Second reading to include 863 and 885 E Apple into the marihuana facilities overly district.

STAFF RECOMMENDATION: To amend Section 2331 of the zoning ordinance to expand the marihuana facilities to include 863 E. Apple and 885. E Apple Avenue for provisioning, retail, and microbusiness use.

Motion by Commissioner German second by Commissioner Johnson to amend Section 2331 of the zoning ordinance to expand the marihuana facilities overlay district to include 863 E. Apple Avenue for provisioning, retail and microbusiness use.

ROLL VOTE: Ayes: German, Rinsema-Sybenga, Gawron, and Hood

Nays: Emory, Johnson, and Ramsey

MOTION PASSES

Motion by Commissioner Rinsema-Sybenga second by Commissioner Emory to amend Section 2331 of the zoning ordinance to expand the marihuana facilities overlay district to include 885 E. Apple Avenue for provisioning, retail and microbusiness use.

ROLL VOTE: Ayes: Rinsema-Sybenga and Gawron

Nays: Emory, Johnson, Hood, Ramsey, and German

MOTION FAILS

H. <u>1601 Beach Lease Amendment</u> Development Services

SUMMARY OF REQUEST: Staff is seeking direction on an amendment to the current lease with 1601 Beach LLC to further extend the boundary of the land being leased for The Deck at Pere Marquette Park.

The owners of 1601 Beach LLC are planning an additional expansion to their restaurant, The Deck. The expansion is south of the recent expansion toward the walkway to the pier and will include relocating the stage to reduce noise impacts on the neighborhood, two additional bars, a new snack bar, a gear shop, and revised concrete entrance at the south end of the existing building. In order to proceed with the expansion, the lease agreement needs to be modified to account for the additional land associated with the expansion.

STAFF RECOMMENDATION: To approve/deny the lease amendment with 1601 Beach LLC and authorize the mayor and clerk to sign.

Motion by Commissioner Johnson second by Commissioner Rinsema-Sybenga to approve the lease amendment with 1601 Beach LLC and authorize the Mayor and Clerk to sign.

ROLL VOTE: Ayes: Emory, Johnson, Gawron, Hood, Ramsey, German, and Rinsema-Sybenga

Nays: None

MOTION PASSES

I. <u>Lakeside BID Special Assessment Recommendation</u> Economic Development

SUMMARY OF REQUEST: The Lakeside BID Board has voted to petition the City Commission to establish a Special Assessment District inclusive of all commercial parcels in the BID in order to raise funds for public maintenance and improvements.

The Lakeside Business Improvement District Board has recommended a special assessment amount to fund BID improvements in the Lakeside Corridor for a period of 3 years, with potential to renew the assessment at the end of the term depending on the amount of TIF capture by their desired Corridor Improvement Authority. The attachments to this cover sheet reflect the costs per square foot of every address in the BID, as well as a map outlining the BID district approved by the Commission last year. The total anticipated capture of this assessment is $24,011.03, which will be used by the BID Board to provide for winter maintenance of sidewalks, plowing, landscaping, maintenance, and marketing materials for the district. The attached Resolution of Intent to create the special assessment district will start the process, and staff will complete all required publications and postings prior to the proposed hearing date of October 27th during the regular commission meeting.

STAFF RECOMMENDATION: To approve the Resolution of Intent to Establish a Special Assessment District in the Lakeside BID and schedule the required public hearing for October 27th during the Regular Commission Meeting.

Motion by Vice Mayor Hood second by Commissioner Rinsema-Sybenga to approve the Resolution of Intent to Establish a Special Assessment District in the Lakeside BID and schedule the required public hearing for October 27th during the Regular Commission Meeting.

ROLL VOTE: Ayes: Johnson, Gawron, Hood, Ramsey, German, Rinsema-Sybenga, and Emory

Nays: None

MOTION PASSES

K. Jackson Hill Infill Housing Development Economic Development

SUMMARY OF REQUEST: Now that the necessary lots have been added to the Brownfield Redevelopment Plan, local developer/contractors Rudy and Greg Briggs are interested in utilizing a Brownfield TIF to construct single family homes for the city in order to increase value and stabilize the primarily residential Jackson Hill neighborhood. They have submitted firm bids and propose acting as the builder and developer on behalf of the City, which will remain the owner of the lots and partner with Mr. Briggs to market the homes.

Since mid-2019, Economic Development Department staff have been working with Rudy and Greg Briggs on potentially utilizing our Brownfield TIF Program to develop and market single family homes in the Jackson Hill Neighborhood. Most importantly, the focus of this program has been to identify, empower, and retain developers of color to benefit from some of the same incentive programs we have been utilizing to great effect. This evening I would request that the Commission authorize staff to work with the Community Foundation for Muskegon County make a PROGRAM RELATED INVESTMENT of $355,000 to undertake construction of the first two homes in this multi-year development project. The City would also loan $75,000 from its Economic Development Revolving Loan Fund, the CFFMC would be repaid upon of the sale of the homes. The City would be repaid with tax increment financing. Attached are the proposed development agreement as drafted by the City Attorney, the map featuring the locations of the first two homes (highlighted in RED), the design criteria of the proposed homes, and the firm bids by the developers.

AMOUNT REQUESTED: $75,000 AMOUNT BUDGETED:N/A, CFFMC FUNDS

FUND OR ACCOUNT: ED Revolving Fund

STAFF RECOMMENDATION: To approve the Development Agreements for new home construction between the City of Muskegon and Rudy Briggs, and to authorize the Community Foundation for Muskegon County to release funds from the City's Donor Advised Fund as presented.

Motion by Commissioner German second by Commissioner Rinsema-Sybenga, to approve the Development Agreements for new home construction between the City of Muskegon & LRS Enterprises and authorize Economic Development Funds for $75,000.

ROLL VOTE: Ayes: Gawron, Hood, Ramsey, German, Rinsema-Sybenga, Emory, Johnson

Nays: None

MOTION PASSES

L. <u>2189 Larue Lot Sale</u> City Manager

SUMMARY OF REQUEST: City staff is seeking authorization to include 2183 Larue in the infill housing program and authorize the sale of the vacant city lot for the construction of a custom single-family home.

The lot has been vacant for many years. Our records indicate that the city purchased the lot for $0 following tax foreclosure in 2010. The neighbor at 2183 has recently demonstrated interest in purchasing the lot to construct a garage. Staff believes the better use of the lot would be the construction of a new single-family home. The interested neighbor seems satisfied with the sale as long as it is for an owner-occupied new home. The new owner was originally looking to build as part of Midtown Square Phase 2, but could not find a vacant lot that met his needs/ expectations. It is usual/customary for us to provide access to our list of city-owned sites for home builders. Mr. Dusendang used that list to find the lot at 2189 Larue; his client approved of the location, and they are moving fast to construct the home. This house will be sold at actual cost, and not subsidy will be necessary; its inclusion in the scattered site brownfield will help offset the costs of other housing construction.

STAFF RECOMMENDATION: Add 2189 Larue to the West Urban Properties Infill Housing Development Agreement, and authorize the lot sale under the same terms as the other building sites.

Motion by Commissioner Emory second by Commissioner Rinsema-Sybenga to add 2189 Larue to the West Urban Properties Infill Housing Development Agreement, and authorize the lot sale under the same terms as the other building sites.

ROLL VOTE: Ayes: Hood, Ramsey, German, Rinsema-Sybenga, Johnson, and Gawron

Nays: Emory

MOTION PASSES

M. <u>Lakeview Lofts Phase II Bridge Loan</u> Economic Development

SUMMARY OF REQUEST: On July 28, 2020, the City Commission authorized the issuance of a short-term bridge loan to support Lakeview Loft's Phase II. Staff is seeking permission to convert the bridge loan into a traditional loan with an 84-month amortization schedule.

As staff worked through the due diligence associated with the bridge loan for Phase 2, a number of discussions took place with the original Phase 1 secured debtors. The Community Foundation is one of those debtors that would need to agree to allow Phase 2 to proceed with the City's bridge loan being repaid ahead of their collateralized loan for Phase 1. The Community Foundation's leadership has an interest in reducing their investment in Phase 1 to open up new investment opportunities for their funds related to social equity. To solve this issue, staff is asking that instead of repaying the bridge loan upon closing of the senior debt on Phase 2, the $450,000 would go toward the CFFMC Loans ($300,000 to the Westgate Fund and $150,000 to the City's cemetery perpetual care fund). The City would then hold a new $450,000 position on Phase 1. The developers have agreed to $12,000 in interest accrual through March 2022; beginning April 1, 2022, the loan will be repaid on an 84-month amortization at 5% interest. Monthly payments would be $6,529.87; total interest income would be $98,509.

AMOUNT REQUESTED: $450,000 AMOUNT BUDGETED: CAPITAL FUND

FUND OR ACCOUNT: ED REVOLVING FUND

STAFF RECOMMENDATION: Motion to rescind to Economic Development Loan previously granted to 351 II LLC, and replace it with a loan in the $450,000 to be repaid in equal monthly payments starting April 1, 2022, and ending March 1, 2029; interest rate to be 5%; monthly payment to be $6,529.87.

Motion by Commissioner Johnson second by Commissioner Rinsema-Sybenga to rescind the Economic Development Loan previously granted to 351 II LLC, and replace it with a loan in the $450,000 to be repaid in equal monthly payments starting April 1, 2022, and ending March 1, 2029; interest rate to be 5% monthly payment to be $6,529.87. Security for the loan is from Phase I only.

> **Motion by Commissioner Rinsema-Sybenga second by Vice Mayor Hood to call the question.**
>
> **ROLL VOTE: Ayes: German, Rinsema-Sybenga, Gawron, Hood, and Ramsey**
>
> **Nays: Emory and Johnson**
>
> ***MOTION PASSES***

ROLL VOTE: Ayes: Ramsey, Rinsema-Sybenga, Gawron, and Hood

Nays: German, Emory, and Johnson

MOTION PASSES

2020-68 UNFINISHED BUSINESS:

A. <u>Sale of Vacant Lot – 1867 Hoyt</u> Planning

SUMMARY OF REQUEST: City staff is seeking authorization to sell the city-owned vacant lot at 1867 Hoyt Street to Kirsten A. Bremer Trust of 1875 Hoyt Street.

The City Property Sale Policy requires that buildable lots should only be sold for new home construction. The adjacent property owner would like to use it to only build a garage. Staff recommends against the sale as it is an attractive redevelopment lot adjacent to Moon School and the McLaughlin Grow garden. Also, there is enough room on the applicant's current properly to construct a garage.

The City obtained this property from the State of Michigan through the tax reversion process in 2003. The adjacent property owner would like to buy this property to combine with their adjacent property to construct a garage on it within 1 year of closing. The sale price is $3,450.00 plus costs associated with the closing and registering the deed.

STAFF RECOMMENDATION: Authorize the City Mayor and Clerk to sign the Purchase Agreement and deed and allow staff to complete the property sale.

Motion by Commissioner Johnson second by Vice Mayor Hood to authorize the City Mayor and Clerk to sign the Purchase Agreement and deed to allow Staff to complete the property sale.

ROLL VOTE: Ayes: Emory, Johnson, and German

Nays: Rinsema-Sybenga, Gawron, Hood, and Ramsey

MOTION FAILS

2020-69 NEW BUSINESS:

A. <u>Jackson Hill, McLaughlin & Angell Rezonings</u> Planning

SUMMARY OF REQUEST: Staff-initiated requested to rezone all single-family (R-1, R-2, R-3) and duplex (RT) parcels in the McLaughlin, Angell and Jackson Hill neighborhoods to Form Based Code, Urban Residential (FBC-UR).

The Planning Commission voted 8-1 to recommend approval to the City Commission.

STAFF RECOMMENDATION: To approve the request to rezone all single-family (R-1, R-2, R-3) and duplex (RT) parcels in the McLaughlin, Angell and Jackson Hill neighborhoods to Form Based Code, urban Residential (FBC-UR).

Motion by Commissioner Rinsema-Sybenga second by Commissioner Ramsey to approve the request to rezone all single-family (R-1, R-2, R-3) and duplex (RT) parcels in the McLaughlin, Angell and Jackson Hill neighborhoods to Form

Based Code, Urban Residential (FBC-UR)

Motion by Commissioner German second by Commissioner Ramsey to table this item and mail notices to all residents/property owners in the affected area.

ROLL VOTE: Ayes: Johnson, Gawron, Hood, Ramsey, German, Rinsema-Sybenga, and Emory

Nays: None

MOTION PASSES

ANY OTHER BUSINESS:

Mayor Gawron suggested a waiver of the $5 fee for lead service for customers with irrigation metering. The Public Works Director, Leo Evans, is under the impression that the City Treasurer was able to add the irrigation metering line item to the customers regular bill. This is to be confirmed.

Commissioner Ramsey shared some news as the liaison to the Downtown Arts Council. The "Prized Steelhead" art sculpture by Sherri Balaskovitz is being considered for purchase, several organizations as well as the Muskegon Chamber has raised some funds to purchase and install this piece and will be asking for a contribution from the City to make this possible.

Commissioner Ramsey spoke about the need for policy and procedure review and revision.

PUBLIC COMMENT ON NON-AGENDA ITEMS: Public comments were received.

ADJOURNMENT: The City Commission meeting adjourned at 11:02 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC – City Clerk