CITY OF MUSKEGON

CITY COMMISSION MEETING

SEPTEMBER 13, 2011

CITY COMMISSION CHAMBERS @ 5:30 P.M.

AGENDA

- **CALL TO ORDER:**
- **PRAYER:**
- **PLEDGE OF ALLEGIANCE:**
- **ROLL CALL:**
- **HONORS AND AWARDS:**
- **INTRODUCTIONS/PRESENTATION:**
- **CONSENT AGENDA:**

  A. **Approval of Minutes.** CITY CLERK

  B. **Audit Contract Extension.** FINANCE

  C. **Gaming License Request from Muskegon Lumber Jacks Charitable Foundation.** CITY CLERK

  D. **Gaming License Request from Tempting Tables.** CITY CLERK

  E. **Congress of Cities Voting Delegate.** CITY CLERK

- **PUBLIC HEARINGS:**

  A. **Review 2010-2011 Consolidated Annual Performance Evaluation Report (CAPER).** COMMUNITY & NEIGHBORHOOD SERVICES

  B. **Request for an Industrial Facilities Exemption Certificate for Northern Machine Tool.** PLANNING & ECONOMIC DEVELOPMENT (REMOVED PER REQUEST OF APPLICANT)

  C. **Request for an Obsolete Property Rehabilitation Exemption Certificate for J&J Bail Bonds.** PLANNING & ECONOMIC DEVELOPMENT (REMOVED PER REQUEST OF STAFF)

- **COMMUNICATIONS:**
- **CITY MANAGER'S REPORT:**
- **UNFINISHED BUSINESS:**

- **NEW BUSINESS:**
  - **A. <u>Financial Policies Update.</u>** FINANCE
  - **B. <u>Application for Special License (Liquor Control Commission).</u>** PUBLIC SAFETY
- **ANY OTHER BUSINESS:**
- **PUBLIC PARTICIPATION:**

- ***Reminder: Individuals who would like to address the City Commission shall do the following:***
- Fill out a request to speak form attached to the agenda or located in the back of the room.
- Submit the form to the City Clerk.
- Be recognized by the Chair.
- Step forward to the microphone.
- State name and address.
- Limit of 3 minutes to address the Commission.
- (Speaker representing a group may be allowed 10 minutes if previously registered with City Clerk.)

- **CLOSED SESSION: <u>Collective Bargaining and Attorney/Client Privileged Communication.</u>**
- **ADJOURNMENT:**

ADA POLICY: The City of Muskegon will provide necessary auxiliary aids and services to individuals who want to attend the meeting upon twenty four hour notice to the City of Muskegon. Please contact Ann Marie Cummings, City Clerk, 933 Terrace Street, Muskegon, MI 49440 or by calling (231) 724-6705 or TTY/TDD: dial 7-1-1 and request a representative to dial (231) 724-6705.

Date: September 13, 2011

To: Honorable Mayor and City Commissioners

From: Ann Marie Cummings, City Clerk

RE: Approval of Minutes

SUMMARY OF REQUEST: To approve minutes of the City Commission Meeting that was held on Tuesday, August 23, 2011.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

CITY OF MUSKEGON

CITY COMMISSION MEETING

AUGUST 23, 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, August 23, 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 Steve Wisneski, Chris Carter, Clara Shepherd, Lawrence Spataro, and Sue Wierengo, City Manager Bryon Mazade, City Attorney John Schrier, and City Clerk Ann Marie Cummings.

2011-58 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve minutes of the August 8th Commission Worksession Meeting and the August 9th City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

B. WEMET Vehicle Cost. CITY MANAGER

SUMMARY OF REQUEST: To approve an increase in WEMET vehicle cost from $6,190 to $7,500 annually, per vehicle. The City uses four vehicles.

FINANCIAL IMPACT: Increase of $5,240 annually.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To approve the request.

C. Bond Authorizing Resolution. FINANCE

SUMMARY OF REQUEST: As previously discussed, the City is borrowing $2.0 million from Fifth-Third Bank to serve as local matching funds for various current and future street projects for which the City has received grant funding.

Proper public notice of the bond issuance has been given and the bond authorizing resolution is the last action required by the City Commission to complete this transaction.

FINANCIAL IMPACT: The loan will be for ten years at an interest rate of 2.98%.

BUDGET ACTION REQUIRED: The projected interest payment for 2011-12 is included in the FY 2012 budget.

STAFF RECOMMENDATION: Approval of the bond authorizing resolution.

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

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

Nays: None

MOTION PASSES

2011-59 NEW BUSINESS:

A. Revised LC Walker Management Agreement. FINANCE

SUMMARY OF REQUEST: The contract for management of the LC Walker Arena was drafted in 2006 and subsequently assigned over to new management companies on two separate occasions. However, the contract was not significantly revised on either assignment. The new arena manager has requested the management contract be revised to:

- Remove certain outdated provisions (e.g. club room financing)
- Remove requirement for the City to find replacement parking if the Western Avenue parking lot was ever to be used for a purpose other than parking
- Change some outdated terminology (e.g. "professional" hockey)
- Change item-dollar threshold for use of the arena maintenance fund from \$5,000 to \$3,000
- Change the contract date to coincide with the City's fiscal year
- Set a new contract termination date of 9/1/16

Staff has reviewed the proposed contract changes and recommends approval of the revised management contract.

FINANCIAL IMPACT: There is no change to the \$235,000 annual management fee included in the current contract. However, the contract sets this amount as the annual fee for each year of the contract. The prior contract allowed the City to unilaterally reduce the fee if it was deemed by the City that the fee was excessive in light of the arena's financial performance. Staff concurs that this provision is no longer needed.

Staff has also obtained an opinion from bond counsel to assure the contract changes do not impair the tax-exempt status of the County's Quality of Life bonds issued, in part, to finance arena renovations.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the proposed amended LC Walker management contract with Logger Hockey, LLC.

Motion by Vice Mayor Gawron, second by Commissioner Spataro to approve the proposed amended LC Walker management contract with Logger Hockey, LLC.

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

Nays: None

Absent: Wisneski (stepped out of room)

MOTION PASSES

B. <u>Pension Benefits for Public Safety Director.</u> FINANCE

SUMMARY OF REQUEST: It has been traditional for the Public Safety Director (or, in the past, Police Chief) to receive pension benefits comparable to those received by Police Command Officers.

Currently, discrepancies exist in the pension multiplier and the normal retirement age:

Benefit	Police Command	Public Safety Director
Pension Multiplier	3.00%	2.75%
Normal Retirement Age/Service	55/10	60/10
Early Retirement Age/Service	53/25	53/25

FINANCIAL IMPACT: MERS charges a one-time cost of $7,030 to value and administer this benefit. A valuation of the benefit change will be performed to determine the actuarial cost of the change.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Authorize the City Manager to execute documents to increase the level of the Public Safety Director's pension benefit to the same level as the Police Command Officers effective for retirements after August 1, 2011, pending acceptable results of the actuarial valuation.

Motion by Vice Mayor Gawron, second by Commissioner Wierengo to authorize the City Manager to execute documents to increase the level of the Public Safety Director's pension benefit to the same level as the Police Command Officers effective for retirements after August 1, 2011, pending acceptable results of the actuarial valuation.

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

Nays: None

MOTION PASSES

C. <u>East Muskegon Little League and No More Sidelines – Request to Waive Equipment Rental Fees and Labor Charges for City Picnic Table Use.</u> PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: East Muskegon Little League is having their annual end of summer party at Sheldon Park for No More Sidelines on August 24, 2011. No More Sidelines is a non-profit organization providing children and young adults with special needs, an opportunity to play sports year round and to participate in community events and outings. They will be using approximately 15 City picnic tables, which are already at the park now. They are requesting that the City waive the $10 per table rental fee, as well as the labor charges for transporting the tables back to DPW after the event.

FINANCIAL IMPACT: Equipment rental fees are $10 per table. City labor charges are $60 per hour.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: None.

Motion by Commissioner Spataro, second by Commissioner Shepherd to approve the requested waiver of fees.

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

Nays: None

MOTION PASSES

D. <u>Michigan Irish Music Festival – Request to Waive Equipment Rental Fees.</u> PLANNING & ECONOMIC DEVELOPMENT

REMOVED PER REQUEST OF APPLICANT.

E. <u>Church Without Shoes Event at Margaret Drake Elliott Park – Request to Waive the Special Event Application Fee and the Picnic Shelter Reservation Fee.</u> PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Bob Kuhn, applicant for the Church Without Shoes event being held September 4, 2011, is requesting that the City waive the picnic shelter reservation fee and the special event application fee for this event.

Church Without Shoes has been held for years, but is normally tied in with the Breakwater Festival (formerly Shoreline Spectacular). That organization notified us recently that they are not having their festival this year and they have withdrawn their special event request. Because Church Without Shoes is a public event on City property, a special event application is required per City policy. No City services are required for the event.

FINANCIAL IMPACT: $125 picnic shelter reservation cost; $50 special event application fee.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: None.

Motion by Commissioner Carter, second by Commissioner Wisneski to approve Church Without Shoes event at Margaret Drake Elliott Park and their request to waive the special event application fee and the picnic shelter reservation fee.

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

Nays: None

MOTION PASSES

F. <u>Request to Fly Breast Cancer Ribbon Flags.</u> CITY CLERK

SUMMARY OF REQUEST: Tempting Tables is requesting permission to fly breast cancer ribbon flags the week of October 16th at the following locations:

Hackley Park
City Hall
Shoreline Drive
Central Fire Station
Hartshorn Marina
Root Park

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: None.

Motion by Commissioner Shepherd, second by Commissioner Carter to approve the request to fly the breast cancer ribbon flags at the six locations.

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

Nays: None

MOTION PASSES

G. <u>Designation of Voting Delegates for the Michigan Municipal League Annual Business Meeting.</u> CITY CLERK

SUMMARY OF REQUEST: To designate by action of the Commission, one of our officials who will be in attendance at the Convention as an official representative to cast the vote of the municipality at the annual meeting; and, if possible, to designate one other official to serve as alternate.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval.

Motion by Commissioner Spataro, second by Commissioner Carter to designate Commissioner Shepherd as the official representative and Ann Cummings as the alternate.

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

Nays: None

MOTION PASSES

H. <u>Smartzone Agreement.</u> CITY MANAGER

SUMMARY OF REQUEST: To consider an agreement that would assign the Smartzone Agreement from Belmont Farms, LLC to Muskegon Lakefront, LLC.

FINANCIAL IMPACT: The development, or lack thereof, on the Smartzone property impacts the ability to generate tax increments to pay the Smartzone bonds. A Brownfield loan in the amount of $150,823.42 is outstanding, and the second installment due on March 18, 2011, was $18,554.42.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: None.

Motion by Commissioner Carter, second by Commissioner Shepherd to approve the agreement that would assign the Smartzone Agreement from Belmont Farms, LLC to Muskegon Lakefront, LLC.

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

Nays: Wisneski

MOTION PASSES

2011-60 ANY OTHER BUSINESS:

Commissioner Spataro and Mayor Warmington commented on the success of the Hot Rod Power Tour this year and Muskegon has been asked to host the tour Sunday, June 3, 2012.

Motion by Commissioner Carter, second by Commissioner Shepherd to approve the guarantee of the $35,000 event fee for the Hot Rod Power Tour to come back to Muskegon in 2012.

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

Nays: None

MOTION PASSES

Mayor Warmington thanked Public Safety Director Tony Kleibecker for his years of service and his leadership.

Commissioner Shepherd stated she would like to attend the National League of Cities Conference this year and is in need of money for registration and air fair. Commissioner Wisneski donated $100 so she needs $360 more. Commissioner Carter donated $200, and Commissioner Wierengo will donate the needed $160.

PUBLIC PARTICIPATION: Public comments received.

ADJOURNMENT: The City Commission Meeting adjourned at 6:48 p.m.

Respectfully submitted,

Ann Marie Cummings, MMC
City Clerk

Date: September 13, 2011

To: Honorable Mayor and City Commissioners

From: Finance Director

RE: Audit Contract Extension

SUMMARY OF REQUEST: The City is in the final year of its contract for audit services with Brickley DeLong. The firm has approached the City with a proposal to extend the contract for five years. This proposal includes a reduction of $4,300 in the fee for the audit currently underway (FY2011), if the City agrees to the extension. Also, fees for the next five years are lower than the previously agreed to fee for FY 2011.

The City has had a successful partnership with Brickley for several years and has enjoyed a smooth and efficient annual audit process. With staff reductions and increased demands on staff time, we think it is prudent to continue this relationship. Additionally, Brickley is a major downtown employer and the only CPA firm located in the City that has a significant presence in the government auditing field.

FINANCIAL IMPACT:

Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Previously Agreed To Fee	$37,875	-	-	-	-	-
Proposed Fee	$33,575	$32,400	$33,275	$34,150	$35,350	$36,550

BUDGET ACTION REQUIRED: No action is required for the current year (2012) budget. Future budgets will include the amounts shown above.

STAFF RECOMMENDATION: Approval of the proposed contract extension with Brickley DeLong.

COMMITTEE RECOMMENDATION: No committee action was taken.

City of Muskegon

PROPOSAL FOR AUDIT SERVICES

September 2, 2011

Proposing Firm:
Brickley DeLong, P.C.
316 Morris Ave., P.O. Box 999
Muskegon, Michigan 49443-0999
Phone: (231) 726-5820
Contact: Timothy D. Arter, C.P.A.
Partner

BRICKLEY DELONG
CERTIFIED PUBLIC ACCOUNTANTS

September 2, 2011

Mr. Timothy J. Paul
Director of Finance
City of Muskegon
933 Terrace Street
Muskegon, MI 49443-0536

Due to our long, valued relationship, Brickley DeLong, P.C. would like to submit a proposal for audit services to the City of Muskegon.

Our proposal is for the audit of the City of Muskegon's financial statements for the years ending June 30, 2012, 2013, 2014, 2015, and 2016. If the City chooses to accept this proposal, we would also reduce the fee for the June 30, 2011 audit which the City previously approved for $37,875. Our fee for such services will not exceed the following:

SERVICE DESCRIPTION		
Financial Audit and Single Audit and Single Audit		
June 30, 2011	$	33,575
June 30, 2012		32,400
June 30, 2013		33,275
June 30, 2014		34,150
June 30, 2015		35,350
June 30, 2016		36,550

If actual time and expenses are less than these amounts, we will reduce our fee accordingly.

Our fee was determined on the assumption that we will receive cooperation and assistance from the City to facilitate completion of the engagement, that the City's records will be in an auditable condition, and that there will not be significant increases in the City's operations over the period of the proposal. For instance, should the City add significant new grants or activities, we request that the audit fees be adjusted at mutually-agreeable rates accordingly. Should the City need additional services outside the scope of the audit, such as assistance with account analysis or GASB 34, we would be happy to discuss them with you and would be available to perform such services at our standard rates.

Our audits will be made in accordance with generally accepted auditing standards adopted by the American Institute of Certified Public Accountants. In addition, we will perform a single audit in accordance with *Government Audit Standards* and the provisions of the federal Single Audit Act. The above quoted rates are for a single audit with up to two major programs. Should the City have additional major programs, we would discuss the additional cost with you in advance and perform such services at a mutually-agreeable rate.

We believe that Brickley DeLong, P.C. would be an excellent choice as auditors for City of Muskegon because Brickley DeLong, P.C.:

1. Has been the auditor of the City of Muskegon for several years and understands the City and its programs. In addition, the manager assigned to the engagement has been associated with the City's audit for several years.
2. Has extensive experience in servicing local governmental units, school districts, and nonprofit organizations in Western Michigan.
3. Has extensive experience in performing audits of federal programs for governmental units, local school districts, and nonprofit organizations.
4. Commits significant time in the training of professional staff members in the unique aspects of Michigan municipal accounting, financial reporting, and auditing.
5. Has a partner in the firm that maintains a member position on the State of Michigan Committee on Governmental Accounting and Auditing.
6. Encourages year around communications with client staff members to address technical issues and emerging issues.
7. Requires professional staff to have entrance conferences with appropriate client officials prior to the commencement of audit field work to discuss the audit scope, time tables, and significant matters.
8. Requires partners and professional staff members to have exit conferences with client officials to review and discuss draft financial statements and letters of recommendations prior to issuance so as to enable client to better understand the financial statements, disclosures, trends, and recommendations.
9. Seeks the opportunity to meet with Boards and associated committees to discuss the scope of audit engagements and to present financial statements and letters of recommendations.

We would welcome the opportunity to participate in an interview with the Commission of the City of Muskegon, a committee thereof, or designee to discuss our qualifications, audit plan, firm policies and procedures, or other matters.

We are confident that Brickley DeLong, P.C. can continue to meet your needs, and we would welcome the opportunity to continue to serve the City of Muskegon.

We look forward to hearing from you. If you desire any additional information, please call. Thank you for your time and consideration.

Sincerely,

Brickley DeLong, P.C.

BRICKLEY DELONG, P.C.

Date: September 13, 2011

To: Honorable Mayor and City Commissioners

From: Ann Marie Cummings, City Clerk

RE: Gaming License Request from Muskegon Lumber Jacks Charitable Foundation

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SUMMARY OF REQUEST: Muskegon Lumberjacks Charitable Foundation, 470 W. Western, Muskegon, MI 49440, is requesting a resolution recognizing them as a non-profit organization operating in the City for the purpose of obtaining a Gaming License. They have been recognized as a 501(c)(3) organization by the State.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval

MICHIGAN LOTTERY
Charitable Gaming Division
Box 30023 Lansing, MI 48909
OVERNIGHT DELIVERY
101 E. Hillsdale, Lansing MI 48933
(517) 335-5780
www.michigan.gov/cg

LOCAL GOVERNING BODY RESOLUTION FOR CHARITABLE GAMING LICENSES

(Required by MCL.432.103(K)(ii))

At a regular ______________ meeting of the City of Muskegon
REGULAR OR SPECIAL — TOWNSHIP, CITY OR VILLAGE COUNCIL/BOARD

called to order by ______________________ on ______________
DATE

at ______________ a.m./p.m. the following resolution was offered:
TIME

Moved by ______________________ and supported by ______________________

that the request from Muskegon Lumberjacks Charitable Foundation of Muskegon,
NAME OF ORGANIZATION — CITY

county of ______________________, asking that they be recognized as a
COUNTY NAME

nonprofit organization operating in the community for the purpose of obtaining charitable

gaming licenses, be considered for approval ______________.
APPROVAL/DISAPPROVAL

APPROVAL		DISAPPROVAL	
Yeas:	________	Yeas:	________
Nays:	________	Nays:	________
Absent:	________	Absent:	________

I hereby certify that the foregoing is a true and complete copy of a resolution offered and

adopted by the ______________________ at a ______________
TOWNSHIP, CITY OR VILLAGE COUNCIL/BOARD — REGULAR OR SPECIAL

meeting held on ______________________.
DATE

SIGNED: ______________________________
TOWNSHIP, CITY OR VILLAGE CLERK

____
PRINTED NAME AND TITLE

____
ADDRESS

COMPLETION: Required
PENALTY: Possible denial of application

BSL-CG-1153(R6/09)

Date: September 13, 2011

To: Honorable Mayor and City Commissioners

From: Ann Marie Cummings, City Clerk

RE: Gaming License Request from Tempting Tables

SUMMARY OF REQUEST: Tempting Tables, 601 Terrace, Muskegon, MI, is requesting a resolution recognizing them as a non-profit organization operating in the City for the purpose of obtaining a Gaming License. They have been recognized as a 501(c)(3) organization by the State.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval

August 15, 2011

Dear Members of the Muskegon City Council,

The organization TEMPTING TABLES was formed in 1996, for the purpose of raising the awareness of breast cancer, providing funds to be donated for breast cancer research, and raising funds for the Dream Fulfillment Fund. It is held biannually. This year our ticket sales will directly fund the breast cancer research of Dr. Sofia Merajver at the University of Michigan Comprehensive Cancer Center and the VanAndel Research Institute in Grand Rapids. Proceeds from the sale of raffle tickets at the event will provide funds for the Dream Fulfillment Fund which is used to brighten a cancer patient's day by surprising them with a gift.

The event is being held at the Muskegon Holiday Inn and will occur Oct. 19-23. Tables are creatively decorated by individuals, and businesses. The event has gained statewide recognition and is attended by thousands.

Tempting Tables has been given 501(c)(3) status by the State of Michigan. We have applied for a raffle license and have met all of the requirements, except a vote by the local governing body.

We would like to request your approval of our organization.

Further questions may be directed to me.

Thank you for your recognition of this most worthwhile event.

Kay Olthoff

Kay M. Olthoff
1499 Middlebrook Dr.
Muskegon, MI 49441
780-3092

MICHIGAN LOTTERY
Charitable Gaming Division
Box 30023, Lansing, MI 48909
OVERNIGHT DELIVERY:
101 E. Hillsdale, Lansing MI 48933
(517) 335-5780
www.michigan.gov/cg

LOCAL GOVERNING BODY RESOLUTION FOR CHARITABLE GAMING LICENSES

(Required by MCL.432.103(K)(ii))

At a ______________________ (REGULAR OR SPECIAL) meeting of the ______________________ (TOWNSHIP, CITY, OR VILLAGE COUNCIL/BOARD)

called to order by ______________________ on ______________ (DATE)

at __________ (TIME) a.m./p.m. the following resolution was offered:

Moved by ______________________ and supported by ______________________

that the request from ______________________ (NAME OF ORGANIZATION) of ______________ (CITY),

county of ______________________ (COUNTY NAME), asking that they be recognized as a

nonprofit organization operating in the community for the purpose of obtaining charitable

gaming licenses, be considered for ______________ (APPROVAL/DISAPPROVAL).

APPROVAL		DISAPPROVAL	
Yeas:	________	Yeas:	________
Nays:	________	Nays:	________
Absent:	________	Absent:	________

I hereby certify that the foregoing is a true and complete copy of a resolution offered and

adopted by the ______________________ (TOWNSHIP, CITY, OR VILLAGE COUNCIL/BOARD) at a ______________ (REGULAR OR SPECIAL)

meeting held on ______________________ (DATE).

SIGNED: ______________________________________
TOWNSHIP, CITY, OR VILLAGE CLERK

____
PRINTED NAME AND TITLE

____
ADDRESS

COMPLETION: Required.
PENALTY: Possible denial of application.

Date: September 13, 2011

To: Honorable Mayor and City Commissioners

From: Ann Marie Cummings, City Clerk

RE: Congress of Cities Voting Delegate

SUMMARY OF REQUEST: To designate Commissioner Shepherd who will be in attendance at the National League of Cities Annual Business Meeting on Saturday, November 12th, to cast the City's vote.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval.

August 19, 2011

Ann Marie Becker
City Clerk
City of Muskegon
PO Box 536
North Muskegon, MI 49443-0536

Dear City Clerk Becker:

The National League of Cities (NLC) Annual Business Meeting will be held on Saturday, November 12, 2011 from 2:30 to 4:30pm, at the conclusion of the Congress of Cities and Exposition in Phoenix, AZ. As a direct member city, your city is entitled to vote at this meeting. Based on the population as of the 2000 Census, each member city casts between one and twenty votes. The number of votes for each population range can be found on the table on the reverse of the credentials form.

To be eligible to cast a city's vote, a voting delegate and alternate must be officially designated by the city using the enclosed credentials form. This form will be forwarded to NLC Credentials Committee. NLC bylaws expressly prohibit voting by proxy. City elected officials should be made aware of this request so that decisions can be made as to who will be the voting delegate and alternate(s).

At the Congress of Cities, the voting delegate must pick up the city's voting card at the Credentials Booth before the Annual Business Meeting and must be present at the Annual Business Meeting to cast the city's vote. The Credentials Booth will be open during scheduled times throughout the Congress of Cities.

Please return the completed form to NLC by fax 202-626-3109 on or before October 28, 2011. If you have any questions, please contact Tata Sidibe, sidibe@nlc.org or 202-626-3188 or Mae Davis, mdavis@nlc.org, 202-626-3150.

Thank you,

Donald J. Borut

Donald J. Borut
Executive Director

Enclosure: Credential Form & Population Chart

NATIONAL LEAGUE of CITIES

CREDENTIALS FORM

NATIONAL LEAGUE OF CITIES · 2011 CONGRESS OF CITIES · PHOENIX, ARIZONA

At the Annual Business Meeting on Saturday, November 12, 2011, from 2:30 to 4:30pm, each direct member city of NLC is entitled to cast from one to 20 votes based upon the city's population per the 2000 census, through its designated voting delegate. Please indicate below your city and state, voting delegate and alternate(s), and sign and date the form. The form should be faxed to NLC at 202-626-3109, by the October 28, 2011, deadline.

The official voting delegate and alternate(s) for the city/town of:

City of Muskegon MI 40105 (1)

____

(Name of your city/town/village, state, pop & vote)

VOTING DELEGATE:

1. ______________________________
NAME

____
TITLE

FOR OFFICE USE ONLY
(DO NOT WRITE IN THIS SPACE)
Voting card issued to:

____
(signature)

Votes: ________

1 ______ 2 ______ 3 ______

ALTERNATE VOTING DELEGATE(S):

2. ______________________________ ______________________________
NAME TITLE

3. ______________________________ ______________________________
NAME TITLE

PLEASE SIGN AND FAX THIS FORM TO NLC BY OCTOBER 30, 2010
ATTENTION: TATA SIDIBE, MEMBERSHIP RELATIONS ASSISTANT
FAX: 202-626-3109

Signature (city representative): ______________________________

Title: ______________________________ Date: ______________________________

NATIONAL LEAGUE of CITIES

NATIONAL LEAGUE OF CITIES

2011 CONGRESS OF CITIES
PHOENIX, ARIZONA

Number of Votes – Annual Business Meeting

Direct Member Cities

Article IV, Section 2 of the National League of Cities bylaws specifies the number of votes that each NLC direct member city is entitled to cast at the Annual Business Meeting at the Congress of Cities. Member cities are required by the bylaws to cast unanimous votes.

CITY POPULATION (per 2000 Census)	NUMBER OF VOTES
Under 50,000	1 vote
50,000 – 99,999	2 votes
100,000 – 199,999	4 votes
200,000 – 299,999	6 votes
300,000 – 399,999	8 votes
400,000 – 499,999	10 votes
500,000 – 599,999	12 votes
600,000 – 699,999	14 votes
700,000 – 799,999	16 votes
800,000 – 899,999	18 votes
900,000 and above	20 votes

Commission Meeting Date: September 13, 2011

Date: August 26, 2011

To: Honorable Mayor & City Commission

From: Community and Neighborhood Services Department

RE: Public Hearing to Review 2010-2011 Consolidated Annual Performance Evaluation Report (CAPER)

SUMMARY OF REQUEST: To conduct a public hearing on September 13, 2011 to review accomplishments and receive comments from the public concerning the 2010– 2011 Consolidated Annual Performance Evaluation Report (CAPER) developed by the Community and Neighborhood Services department.

After the public hearing has been conducted and all the comments have been documented, the Community and Neighborhood Services office requests that the Commission direct the staff to submit the required documents to the U. S. Department of Housing and Urban Development (HUD) in compliance with 24 CFR 91.520, by no sooner than September 14, 2011.

FINANCIAL IMPACT: The City is required to submit the CAPER report in order to continue receiving Community Development Block Grant (CDBG) and HOME funding.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To direct staff to gather comments from the public and to submit the CAPER to HUD after the public comment period has elapsed.

COMMITTEE RECOMMENDATION: The document has been reviewed by the Citizen's District Council.

CITY OF MUSKEGON

COMMUNITY AND NEIGHBORHOOD SERVICES

2010 – 2011

6th Year

CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REPORT

DRAFT

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SIXTH PROGRAM YEAR CAPER 2010 - 2011

Executive Summary

The City of Muskegon completed the sixth year of its' 2005-2010 Consolidated Plan that was accepted by the U.S. Department of Housing and Urban Development as an extended year. During the 2010-2011 fiscal year, several projects were completed in the housing and neighborhood improvement areas. The 2010 Census was performed and data results have been slowly released to the public. As of July 2010, the State unemployment rate was 13.2%. From the Bureau of Labor Market Information & Strategic Initiatives, the unemployment rate for Muskegon as of May 2011 is 10.4%, with the state level being 10.5% which is almost the highest in the United States. Because of the continued high unemployment rate in the City, a significant number of issues have developed in relationship to the City's overall health that range from diminishing tax revenues, reduction in services, laying off of City workers, an escalating number of foreclosed homes in the community and a continuing increasing number of families in our community that find themselves without health insurance.

The City of Muskegon's CNS office has tried to redirect its' program to the immediate needs of our residents, while continuing to promote neighborhood redevelopment and sustainability. Most of the activities that have been included in the CNS program in the last year were the Neighborhood Stabilization Program initiative through the Michigan State Housing Development Authority.

Last year was a very productive year, in spite of the capacity of our staff: 15 demolitions, eight rehabs scattered throughout the City of Muskegon of which three sold to eligible households. With that said, as of this date the majority of the established goals or accomplishments had been met during the five years established in the 2005 – 2010 Consolidated Plan.

The CNS office has exceeded its goals and objectives that were established in the 2005-2010 Consolidated Plan during this sixth year.

Objective 1: New Construction – To either develop alone or in partnership with a Community Housing Development Organization, member of the financial community or private developers, new single-family affordable housing.
Goal: Ten new single-family houses completed by May 31, 2010.
2010-2011 Accomplishments: No homes were built under the Infill program last fiscal year; however, Muskegon County Habitat for Humanity completed 1.
Aggregate Accomplishment: Since 2005, sixteen (16) completed single-family houses.
GOAL SURPASSED

Objective 2: Total Rehabilitation of previously vacant, blighted single-family housing – To either totally rehabilitate alone or in partnership with Community Housing

Development Organizations, other social agencies and/or a member or members of the financial community.

Goal: Ten totally rehabilitated single-family homes by May 30, 2010.

2010-2011 Accomplishments: eight (8) homes were totally rehabilitated last year through NSP funding.

Aggregate Accomplishments: Since 2005, fourteen (24) completed rehabilitated single-family homes. Community enCompass completed two (2).

GOAL SURPASSED

Objective 3: Emergency and Vinyl Siding Assistance – To assist eligible City of Muskegon residents with emergency housing repairs and/or vinyl siding installation.

Goal: 250 houses assisted with emergency repair and or vinyl siding, (150 emergency repair/100 vinyl siding by May 31, 2010.)

2010-2011 Accomplishments: 94 homes assisted with either emergency repair and/or vinyl siding (83 emergency repairs/11 vinyl sidings).

Aggregate Accomplishments: Since 2005, 495 Emergency Repairs and 121 Vinyl Sidings have been completed.

EMERGENCY GOAL SURPASSED

Objective 4: Rehabilitation of Rental Units - To assist rental units within the City, by rehabilitating rental housing in compliance with housing quality standards.

Goals: Sixteen rehabilitated rental units by May 31, 2010.

2010-2011 Accomplishments: a two-unit rental was completed by Community enCompass.

Aggregate Accomplishments: Since 2005, 26 rehabilitated rental units completed.

GOAL SURPASSED

Objective 5: To use the City's available resources to eliminate blight in the community. The City will allocate several different departments' resources to eliminate blight in the community.

Goals: To demolish 20 dangerous structures throughout the City.

2010-2011 Accomplishments: Demolished 6 dangerous structures and boarded up 21 open, dangerous properties.

Aggregate Accomplishments: Since 2005, 73 dangerous structures were demolished.

GOAL SURPASSED

Objective 6: To assist and promote the public service community in attacking the social ills of the community in a plethora of areas through our non-profit Subrecipients.

Goal: 10,000

2010-2011 Accomplishments: Assisted 12,947 persons through the Public Service Community.

Aggregate Accomplishments: 45,643

GOAL SURPASSED

Objective 7: To allocate available funding to replace and improve the City's infrastructure.

Goal: To continue to upgrade community's infrastructure.

2010 – 2011 Accomplishments: White Street road pavement was completed.

Comments: We identified $267,182 through CDBG-R.

Objective 8: To use available funding to improve the City's overall economic status, by creating a physical infrastructure to attract new businesses and by creating a network to promote economic development.

Goal: To complete the redevelopment of the City's downtown area and to attract 400 new jobs by May 31, 2010.

Comments: Our downtown received a boost by opening a culinary instructional building with a restaurant and bakery. Façade upgrades to existing buildings as well as the completion of two major structures help to cement the physical infrastructure, attracting new businesses.

2010 – 2011 Accomplishments: 60 new jobs were created downtown through companies and organizations.

Aggregate Accomplishments: 200+

Comments: We are very pleased with over 200 new jobs coming into the downtown area and look forward to more growth in the coming years.

General Questions

During the 2010-2011 fiscal year, the Community Development Block Grant Entitlement was $1,086,413; HOME entitlement was $320,710. The funding was allocated in the following manner to correlate with the established goals and objectives that were established in the City's 2005-2010 Consolidated Plan.

CDBG ACTIVITIES

<u>PUBLIC SERVICES</u>

1. West Michigan Veterans **$3,500**
"Food Bank"
Funding to assist veteran organization in supplying a food bank to Income-eligible veterans. 749 new clients were assisted.

2. healthCARE Project **$3,500**
"Health screening to low-income residents"
Funding to be used to assist low-income residents with health screenings. 1,575 new clients were screened.

3. American Red Cross **$3,500**
"Senior Transportation Program"
Funding to be used to assist with senior transportation to medical facilities. 528 new clients received transportation.

4. Legal Aid of Western Michigan **$3,500**
"Counseling/Legal Education"
Funding to assist with legal housing issues for low-income renters and homeowners. 306 new clients received legal assistance.

5. Legal Aid of Western Michigan **$3,500**
"Foreclosure Legal Assistance"
Funding to assist with legal foreclosure issues for low-income residents. 54 new clients were seen for foreclosures.

6. Community enCompass **$3,500**
"Healthy Neighborhood Project"
Funding for neighborhood project planning and nurturing community leaders. 487 residents were assisted.

7. Love INC **$3,500**
"Handicap Ramps"
Funding to assist non-profit with material cost to build disability ramps. Four households received ramps.

8. City of Muskegon Leisure Services Department **$70,000**
"Inner-City Youth Recreation"
Funding to be used to assist inner-city youth recreation programs. 405 youth participated in the recreation programs.

9. City of Muskegon Dept. of Public Works **$45,000**
"Senior Transit Program"
Funding to be used to fund City's Senior Transit program. 7,352 rides were provided.

10.Muskegon Community Health Project **$3,500**
"Uninsured Diabetes Outreach"
Funding to assist low-income residents with diabetes screenings and supplies. 1,752 residents were assisted.

11.City of Muskegon Affirmative Action Department **$10,000**
"Affirmative Action"
Funding to assist with prevailing wage interviews, EEO Committee, diversity, etc.

12.City of Muskegon Affirmative Action Department **$10,000**
"Summer Internship Program"
Funding to assist low-income/poverty residents in summer internship at the City of Muskegon. Two college students were interns.

13.Muskegon Main Street **$3,500**
"Downtown Economic Development"
667 residents benefited.

INFRASTRUCTURE IMPROVEMENTS/DEOLITIONS

1. City of Muskegon Fire/Inspection **$50,000**
"Dangerous Building/Demolition"
Funding will be used to do board ups and demolitions of vacant and or deteriorated structures in CDBG-eligible neighborhoods. Six houses were demolished and 21 houses were boarded up.

2. City of Muskegon Finance Department **$159,453**
"Repayment of new Fire Station Bond"
Funding to be used to repay bond for the new Central Fire Station.

3. Community and Economic Development **$20,000**
"Façade Improvements"
Funding will be used to assist commercial property owners with exterior improvements city-wide.
Three businesses had façade improvements.

4. City of Muskegon Department of Public Works **$10,000**
"Graffiti Removal"
Funding will be used to remove graffiti from around the City.
91 structures had graffiti removed.

HOUSING AND ADMINISTRATION

1. City of Muskegon Community and Neighborhood Services **$200,000**
"Emergency Repair"
Funding will be used to finance emergency home repair.
83 households were assisted.

2. City of Muskegon Community and Neighborhood Services **$150,000**
"Vinyl Siding Program"
Funding will be used to finance Vinyl Siding installation program.
11 homes had vinyl siding installed.

3. City of Muskegon Community and Economic Development $47,500
"Code Enforcement"
Funding to be used for full time Environmental Inspector to enforce City property codes and zoning ordinances in CDBG-targeted areas.

4. City of Muskegon Community and Neighborhood Services $175,000
"CDBG Administration"
General management, oversight and coordination of CDBG program activities. Funding includes salaries, fringe benefits, office supplies, equipment, contract compliance, EEO activities, etc.

5. City of Muskegon Community and Neighborhood Services $65,000
"Delivery of Services"
Assist with the supplying and administration of the Vinyl Siding and Emergency Repair Programs.

These programs allowed the City of Muskegon to surpass the goals set. The Subrecipients and our City departments worked successfully to assist our low-income residents and meet the objectives of the Consolidated Plan.

Modifying Program

There are many factors currently being researched in order to determine if it is in the best interest of our programs and the citizens to make any changes to our existing program. Our Weatherization program has been modified to address the urgent needs of our senior population. Taking applicants from the Emergency Repair call sheet, we were able to utilize three funding sources, avoid condemning a home and gave a senior a decent, safe place with standard living facilities.

Fair Housing

The City of Muskegon and the CNS office continue to affirmatively advocate fair housing in our City. Some of the impediments that were identified in the last Fair Housing Analysis (2009) were Fair Housing Promotion – all correspondence from the CNS office has the Fair Housing and Disability logos attached and collective comments about our county. The only recommendation that we agreed to change was for the addition of "familial status" to the protected categories of the discrimination clause. On June 14, 2011, our City Commission approved for the City of Muskegon to enter into an inter-agency agreement with Fair Housing Center of West Michigan (Grand Rapids).

Operation R & R - Reawakening and Resurgence

Through Operation R & R, the CNS office has sponsored community meetings during the last several years. During the last three years, the City's CNS office has tried to develop programs that emphasize the importance of community, while showcasing the positive components of the community, but our NSP1 program has taken a forefront stance in reawakening and revitalizing our neighborhoods.

Operation R & R - Goals and Objectives for 2005 - 2010

1. To totally rehabilitate 10 formerly abandoned blighted homes in one fiscal year. We completed eight (8),

2. To sell the 10 homes to low to moderate income first-time home-buyers (as owner-occupied residences). We sold three (3) and have four (4) pending sales.

3. Public hearings to receive direction from the citizens of our community. Four (4) hearings were conducted.

4. To work with the citizens and service providers to improve the image of the targeted neighborhoods; both from within and outside the community. Monthly meetings are held to give support for all areas of the City through the Neighborhood Associations of Muskegon (NAM).

5. To improve both the economic health of the targeted neighborhoods and the physical health of the neighborhoods and its residents. Visits to the neighborhood meetings and agency visits were conducted.

6. To have significantly controlled new commercial investment in the area, while supporting the existing businesses in the neighborhoods. Eleven new businesses established themselves in the City of Muskegon during our sixth year; five were in our downtown business district.

Leveraging

Several of the programs, NSP1, S.A.F.E. Housing, or activities that were accomplished during the last fiscal year included the ability to leverage funding from other entities or other funders.

Several of the City's CHDO's have been able to leverage other funding from financial institutions and the Michigan State Housing Development Authority (MSHDA) to stretch their HOME allocation from the City of Muskegon. As an entitlement community, MSHDA is now providing us with funds that will be used to leverage future projects owned by the City to cover our HOME allocation shortfalls.

Home Match Requirement

The City of Muskegon is not required to satisfy any match as it relates to their entitlements in either CDBG and/or HOME.

Managing the Process

The City of Muskegon Community and Neighborhood Services monitors the CDBG/HOME allocations to City departments, local Subrecipients and CHDO's. With support from the Citizen's District Council and approval from the City Commission, appointed agencies receive grants. This process keeps the focus on activities that reach the needs of the community and accomplishments are captured in the CAPER.

Citizen Participation

Waiting for citizen comments

Institutional Structure

There have not been any obstacle gaps in the City of Muskegon's institutional structure as it relates to the City's CDBG and HOME Programs. At this time it appears that the coordination of the programs is adequate; leveraged program funds played a hug role in our services and planning for future activities..

Monitoring

The activities are monitored on a quarterly basis. All Subrecipients are required to submit a quarterly report at the end of each quarter. In addition, Subrecipients and CHDO's have at least one physical on-site monitoring visit prior to their next funding grant.

Self Evaluation: Measuring success through the programs funded by the City of Muskegon, Subrecipients and CHDO's have a significant effect on solving the neighborhood and community problems in the City. The City's HOME and CDBG programs surpassed the goals established in the City's 2005-2010 Consolidated Plan.

The CNS programs targeted at six specific areas, which were:

1. Housing
2. Health
3. Infrastructure Improvements
4. Youth Services
5. Senior Services
6. Public Services

It is the philosophy of the CNS staff and the City of Muskegon that a collaborative concentrated effort between the City of Muskegon and her partners are working toward solving many of the issues that our community faces.

Through the CNS programs, whether it is the Emergency Repair/Vinyl Siding Program, under the CDBG umbrella or the Infill and Total Rehabilitation program under the HOME Partnership program, all of those aforementioned activities work to provide decent housing and a good living environment for all our residents. As in past years, the 2010-2011 CNS fiscal year went well with few, if any, real problems.

The indicators used to determine if the City of Muskegon is truly meeting its objectives are the following:

94 households serviced
9 houses totally rehabilitated
97 low/moderate-income residents served
1 new constructed home

Lead-based Paint

All CNS projects, where required by HUD statues, are tested for possible Lead-based paint hazards. When required, the Lead is properly abated by Certified Contractors in our effort to eliminate Lead from our community.

Housing Needs

The housing needs of our community are the same everywhere: foreclosures, failing homes and unstable neighborhoods. We are combating the problems by providing solutions; affordable housing still works to make for a suitable living environment.

Specific Housing Objectives

The City of Muskegon's Community and Neighborhood Services is continuing to develop and redevelop affordable housing for low and moderate-income residents.

For several years the CNS office has attempted to build a totally handicap accessible house for a special needs family or a family that has a special needs members. We succeeded with the rehabilitation of 1331 Amity. This house was sold as soon as it was completed.

The CNS office will continue to work with the local Disability Awareness Council and other related non-profits and agencies that work with persons with disabilities and their housing needs. The CNS office will market its intent to the disabled population and the service providers. It is hoped that the CNS office and the Disability Awareness Council will be able to partner together to construct another totally accessible home through the Neighborhood Stabilization fund.

Public Housing Strategy

The Muskegon Housing Commission is continuing to make the upgrades and improvements to the Hartford Terrace Complex, as were established in their five-year Comprehensive Plan. The Muskegon Housing Commission has experienced several cuts in funding from HUD, but the agency continues to supply a high level of service to their clients who are all low income.

Barriers to Affordable Housing

The Fair Housing study suggests that a complaint driven testing and survey be performed. The signed agreement will be the foundation to address these hidden barriers to decent, safe and affordable housing of low-income families. This county-wide effort is the first of many collaborative situations to help all citizens facing discrimination and less than standard living environments.

HOME/American Dream Down-Payment Initiative (ADDI)

The City of Muskegon is not required to make a match to its HOME Entitlement.

HOME entitlement was $320,710. The funding was allocated in the following manner to correlate with the established goals and objectives that were established in the City's 2005-2010 Consolidated Plan.

HOME ACTIVITIES

COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS

1. Neighborhood Investment Corp. (NIC) **$30,000**

Funding will be used for housing rehabilitation and neighborhood development in targeted neighborhoods. NIC closed its doors in 2010.

2. Habitat for Humanity **$45,000**

Funding will be used to assist non-profit with infrastructure cost for new construction. Three homes received funding.

3. Community enCompass **$32,500**

Funding will be used to purchase/rehab transient housing. One home was rehabbed.

CITY OF MUSKEGON

1. Community and Neighborhood Services **$60,000**

“Rental Rehabilitation Program

Funding will be used to assist investment owners with the rehabilitation of their rental units. No units were rehabbed.

2. Community and Neighborhood Services **$30,000**

“HOME Administration”

General management, oversight and coordination of HOME program activities. Funding includes salaries, fringe benefits, office supplies, equipment, etc.

3. Community and Neighborhood Services **$120,000**

“Senior Weatherization/Energy Conservation Program”

Assist low-income Senior Citizens with high energy problems and conservation. Three homeowners were assisted with this program.

As an entitlement community, the Neighborhood Stabilization Program, through MSHDA, catapulted the City’s Community and Neighborhood Services department into a NEW role of foreclosure “stabilization.” The City of Muskegon tweaked the “Lease with Option to Purchase*”* program that originally targeted two of our homes; two additional homes have been added to the program. Because the difficulty that many of our residents face in financing, the Lease with Option to Purchase program is an opportunity for the potential homebuyer to move into the affordable home immediately. It gives them the opportunity to improve their financial situation, while helping the City, and more specifically the immediate neighborhood, by having someone move into the area who wants to be a homeowner and a resident of the community.

A reduction in staff impeded our success in serving owners of rental units and elder homeowners for the Weatherization program.

Homeless Needs

The Muskegon Continuum of Care is working diligently in a collaborative effort to rid homelessness in Muskegon County by 2010. The Continuum is a group of local service providers who are combining their intellectual capital to develop programming that will assist the at-risk homeless population. Several of the members of the Continuum, and the City's CHDO's, offer transitional housing programs to assist the at-risk homeless population make the transition to permanent housing.

The City of Muskegon and its many partners (City of Norton Shores, Muskegon Heights, continuum of Care, Love INC, Muskegon County Habitat for Humanity, Community enCompass, Muskegon County Health Department, West Michigan Therapy, Muskegon Oceana Community Action Partnership, Muskegon Housing Commission and Disability Connection) are working to supply housing assistance in an effort to prevent homelessness in our community.

Emergency Shelter Grant

The City of Muskegon is not a recipient of ESG funding.

Community Development

All of the City of Muskegon's Community Development Block Grant (CDBG) funds were used in relationship to the priorities, needs and goals established in the 2005-2010 Consolidated Plan. All of the funding areas are the highest priority activities. Although none of the CDBG funding in Muskegon is used to construct affordable housing, a large portion of the funding is used to assist low/moderate homeowners with emergency home repairs and to keep their housing costs affordable. The main activities that meet this category are:

	No. Served	Amount
Emergency Repair	83	$235,982.02
Vinyl Siding	11	$97,023.56

The City of Muskegon's CDBG activities address a number of areas that affect the quality of life of low/moderate-income persons in the community. Although there has been some discussion concerning changing some of the guidelines of the City's CDBG program in order to produce much needed program income, it is also thought, by staff, that it may be necessary to implement into our guidelines a restriction on the number of times a household is eligible to receive assistance. The CNS staff will continue to evaluate our process to cover economic shortfalls and the increasing need of emergency services.

All of the CDBG's funding spent by the City of Muskegon or any of its Subrecipients met both the national objectives and the overall benefit certification. There were no displacements incurred through any rehabilitation or demolition activity by the City of Muskegon CNS office.

Antipoverty Strategy

Working with several different departments within the City of Muskegon, many of the service providers and members of the economic development community are combining their expertise to develop several mechanisms that will reduce the poverty rate in our City.

As new employers come into our community and the existing employers expand their operations, the need for additional employees will increase. It is now that the partnership between the educational, job training and the economic development communities is most important. A significant portion of our low/moderate-income population is unemployed. Working is the strategy to combat poverty. Jobs ar needed in our community.

This year we can report new businesses in downtown Muskegon: Hennessy's Irish Pub, 4-1-1 Bistro Lounge, Continuity, Watermark 920 Conference Center and the Lake House. Other new businesses within the City of Muskegon include Sitting Pretty Pet Spa & Boutique, Brown Bag Boutique, Beanbox Company, Bonfire, Fatty Lumpkins Sandwich Shack and Betten Hyundai.

During the last six years, the City of Muskegon continued to supply CDBG funding to the following areas:

- Youth Services
- Senior Services
- Legal Services
- Housing Rehabilitation
- Code Enforcement
- Health Care
- Recreation
- Blight Elimination
- Infrastructure and Loan Repayment

The City of Muskegon allocating funding to these areas keeps the City improving the overall quality of life, by providing a suitable environment.

Muskegon, like many other communities in the county, is attempting to stay aggressive in our community development efforts. We are witnessing the rebirth of our downtown where community events like Bike Time, Summer Celebration, Unity Festival and the Irish Festival unite our citizens to create a stronger community and overall quality of life that creates a suitable living environment for all.

“COMMUNITY 2011”

Welded Steel with Stacked River Rocks
Matthew Giovanni Amante, Sculptor
A Gift to the Community by
Charles E. and Patricia B. Johnson

Date: September 13, 2011

To: Honorable Mayor and City Commissioners

From: Finance Director

RE: Financial Policies Update

SUMMARY OF REQUEST: Attached for your review are updates to the City's financial policies. These policies were last updated in 2008. Recommended changes include:

- Increasing the General Fund reserve policy (i.e. unassigned fund balance) from 10% to 13% of prior year actual revenues. This is reflective of the level used in the state's fiscal stress model;

- Addition of policies regarding the reporting of fund balances to bring the City into compliance with the recently issued Governmental Accounting Standards Board (GASB) statement 54.

- Streamlining the City's investment policy;

- Standardizing staff authority to write-off accounts and settle liability claims at the staff level in amounts up to $15,000;

- Formalization of policies regarding water affidavits and water/sewer billing issues

FINANCIAL IMPACT: The financial policies have a major impact on safeguarding the City's financial resources and interests

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval.

COMMITTEE RECOMMENDATION: None.

City of Muskegon, Michigan

Financial Policies

Revised: September 2011

CITY OF MUSKEGON FINANCIAL POLICIES

INTRODUCTION

The financial policies presented here set forth the basic policy framework for the financial management of the City of Muskegon. Many of the policies represent long-standing principles, practices, or traditions that have guided the City in the past. They have been brought together in one place to ensure their consistency and to provide Commission and staff a comprehensive reference document for current and future decision-making. While these policies are intended to provide continuity within a constantly changing environment, it is also intended that they be reviewed regularly and amended as needed.

I. OPERATING BUDGET POLICY

The City shall adhere to the requirements of the State of Michigan "Uniform Budget Act" (P.A. 621 of 1978, as amended).

The budget shall be balanced by Fund. Budgeted expenditures of each fund will be less than or equal to the sum of projected fund balance at the beginning of the fiscal year and all revenues which reasonably can be expected to be received during the fiscal year. It will be the annual goal of the City to match current operating expenditures with current operating revenues for each fund. Where this is not possible due to economic downturn or other factors, the "operating deficit" (i.e. operating revenues less operating expenditures) will be clearly highlighted.

Budgets will be adopted on a basis of accounting consistent with generally accepted accounting principles. Revenues are budgeted when they become measurable and available and expenditures are charged against the budget when they become measurable, a liability has been incurred, and the liability will be liquidated with current resources.

The budget shall be adopted through a "Resolution of Appropriation." Appropriations will be made at the departmental or project level for the General Fund Budget and at the fund level for all other budgets. The level of formal appropriation will constitute the "appropriation center" for each fund as defined in the state Uniform Budget Act. Transfers of budgeted funds between appropriation centers will require the formal approval of the City Commission.

The City Manager and City Department Heads are authorized to transfer line-item budget amounts within appropriation centers. Budget transfers between appropriation centers or changes to appropriation center totals require formal amendment by the City Commission, which may be done at any time during the budget year.

Budgets will be carefully monitored throughout the year. Each quarter the budget together with the policies and priorities on which it is based will be thoroughly reviewed by the City Manager to determine whether changes are necessary. An amended budget reforecast will be presented to the City Commission based on this review.

Department Heads are authorized to reallocate budgeted positions between activities under their jurisdiction; however, new positions may only be created with approval of the City Manager and within the budgetary authority approved by the City Commission.

All operating funds of the City are subject to the annual budget process and will be reflected in the annual budget document with the exception of certain "pass-through" funds (such as the current tax fund), trust and agency funds, funds having a separate fiscal year (e.g. CDBG), and non-recurring project and grant funds for which a budget shall be adopted at the time the project is approved.

The enterprise fund and internal service fund operations of the City are intended to be fully self-supporting, i.e. current revenues will cover current expenditures, debt service, and capital costs.

The City's budget will portray both direct and indirect costs of programs whenever practical.

As permitted by state law (P.A. 30 of 1978), the City will fund and maintain a separate Budget Stabilization Fund for the purpose of ensuring that adequate funding is available to maintain levels of municipal services in the event of a major revenue loss.

CONTINGENCY ACCOUNT

A "contingency" line-item will be included in the General Fund Budget for unforeseen operating expenditures. The amount of the contingency account will not exceed five percent (5%) of total budgeted expenditures. If in a given year it is determined that other budgeted operating funds require a contingency line-item, the same policy will be followed for these funds.

II. CAPITAL IMPROVEMENTS POLICY

A capital improvement program (CIP) will be developed for a period of five years. The CIP will outline and prioritize all proposed capital projects, including land acquisitions, land improvements, construction projects and equipment purchases having estimated costs over $50,000 and useful lives of four or more years. As resources are available, the most current year of the CIP will be incorporated into the current year of the City's operating budget. The CIP will be reviewed and updated annually prior to the beginning of the operating budget cycle.

III. REVENUE POLICY

The City will strive to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source. The revenue mix should combine elastic and inelastic revenue sources to minimize the effect of an economic downturn.

The City will estimate its annual revenues using the best information available.

The City will establish all user charges at a level related to the cost of providing the services and will *annually* revise user fees (with review by the City Commission) to adjust for the effects of inflation, program changes or other factors.

The City will set fees and user charges for each enterprise fund, such as the Water Fund and Sewer Fund, at a level that fully supports the total direct and indirect costs of the activity. Costs shall include the cost of annual depreciation of capital assets.

The City will set fees for other user activities, such as recreation services, at a level to support the direct and appropriate indirect costs of the activity.

The City will aggressively pursue collections of delinquent accounts receivable utilizing appropriate legal means (including outside collection agents) to enforce payment of amounts owed.

IV. FUND BALANCE POLICY INCLUDING GASB STATEMENT 54 POLICIES

Fund balance is an important indicator of the City's financial position. Maintaining reserves is considered a prudent management practice. Adequate fund balances are maintained to allow the City to continue providing services to the community in case of unexpected emergencies or requirements and/or economic downturns.

GENERAL FUND

It will be the City's policy to maintain an unassigned General Fund fund balance equal to at least <u>thirteen percent (13%) of total actual General Fund Revenues</u> for the preceding year. This level of fund balance is consistent with the municipal fiscal stress indicator system used by the Michigan Department of Treasury to monitor the financial health of local units.

FUND BALANCE REPORTING IN GOVERNMENTAL FUNDS

Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

Nonspendable fund balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in-tact.

Nonspendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year):

- The City will maintain a fund balance equal to the balance of any long-term outstanding balances due from others (including other funds of the government)
- The City will maintain a fund balance equal to the value of inventory balances and prepaid items
- The City will maintain a fund balance equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained in-tact
- The City will maintain a fund balance equal to the balance of any land or other nonfinancial assets held for sale

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Commitments will only be used for specific purposes pursuant to a formal action of the City Commission.

Assigned fund balance – includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

The City Commission delegates to the City Manager the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned fund balance – includes the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

BUDGET STABILIZATION FUND

The City will continue to maintain on its books a budget stabilization fund (as originally created under PA 30 of 1978). However, for year-end reporting purposes (in accordance with requirements of GASB 54), the City's budget stabilization fund will be reported as an assigned fund balance of the general fund for the purpose of public improvements.

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V. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICY

The City will establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements will be established, however, because unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration.

An independent full scope audit of all City funds will be performed on an annual basis. Selection of the independent auditor will be made by the City Commission.

The City will prepare a Comprehensive Annual Financial Report (CAFR) in accordance with Generally Accepted Accounted Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB). It will be the City's goal to complete the annual audit and prepare the CAFR within 120 days of the end of the fiscal year.

The City shall submit annually its CAFR to the Certificate of Achievement for Excellence in Financial Reporting Program sponsored by the Government Finance Officers Association. Recommendations made by GFOA reviewers shall be incorporated into the City's CAFR for the subsequent year.

VI. DEBT POLICY

EXTERNAL DEBT

The City of Muskegon will not use long-term debt to finance current operations.

The City of Muskegon will follow a policy of full disclosure and report all material facts about its financial condition in a timely manner.

The retirement of bonds issued by the City (or its component units and authorities) will be equal to or less than the useful life of the project being funded.

Whenever possible the City of Muskegon (including its authorities) will limit its issuance of debt to a maximum of $10 million per calendar year to maintain the yield advantages associated with bank qualified obligations.

The City will structure bond issues to maintain level or decreasing debt service schedules and maintain debt service payments as a predictable and manageable part of the operating budget.

"Pay-As-You-Go" financing will be used when practical. However, when the City utilizes long-term debt financing it will ensure that the debt is financed soundly by:

- Conservatively projecting revenue sources that will be utilized to repay the debt.
- Financing the improvement over a period not greater than the useful life of the improvement, and
- Determining that the benefits to be derived outweigh the total costs (including interest costs) of the project.

Capital lease, certificates of participation, and lease-purchase financing will be treated as debt financing and be subject to the same policies.

The City will award sale of its bonds to the responsible bidder whose bid produces the lowest "true interest cost" (TIC) to the City over the life of the bond issue.

The City (and its Authorities) will normally issue debt through a competitive process in which formal bids will be solicited from as many interested parties as possible. Under some circumstances, it is in the City's best interest to issue debt through a negotiated sale process instead of using a competitive process. The negotiated sale process will only be used when: 1) the nature of the debt issue is unique and requires particular skills from the investment banks involved, 2) the interest rate environment or other economic factors that may affect the issue are particularly volatile and the negotiated sale process can provide needed stability or, 3) the debt issue is bound by a closing deadline. In all cases where the negotiated process is utilized, the underwriter/manager will be selected by a competitive review of their fees, qualifications, and recent performance.

INTERFUND LOANS

In some situations it may be cost effective to loan money from one City fund to another in lieu of borrowing from external sources. Such interfund loans may only be made with formal approval of the City Commission including establishment of a fixed repayment schedule. Interest on interfund loans will be charged at the rate then available on U.S. Treasury notes having a comparable maturity.

VII. FIXED ASSETS CAPITALIZATION AND DEPRECIATION POLICY

CAPITALIZATION THRESHOLDS

Fixed assets are assets of a long-term character (i.e. a minimum useful life of two years) which are intended to continue to be held and used, such as land, buildings, improvements other than buildings, machinery, vehicles and equipment. This policy is intended to establish guidelines for accounting for, capitalizing and depreciating fixed assets held by the various City funds.

Category	*Capitalization Threshold (Unit Cost)*
Land	$ N/A
Land Improvement	10,000
Buildings	10,000
Equipment	10,000
Vehicles	10,000
Office Equipment and Furniture	10,000

Only those items having *unit* costs in excess of the threshold limits specified above will be considered fixed assets for purposes of City accounting records. Fixed assets in the City's proprietary type funds (i.e. Enterprise, Internal Service) shall be capitalized in the year of purchase and depreciated over their estimated useful lives. Fixed assets of all other funds shall be maintained by the City and depreciated over their estimated useful lives and shown on the City's full accrual Government Wide Statement. These include certain public domain general fixed assets consisting of improvements such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

General fixed assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. Property and equipment of the enterprise funds and internal service funds are carried at cost.

DEPRECIATION AND ESTIMATED USEFUL LIFE

Depreciation of Fixed Assets in the City's Proprietary Funds shall be accomplished using the simple straight life method. The estimated useful life of assets will be based on IRS policies, past experience, or other reliable sources. Useful lives typically will not exceed fifty (50) years.

VIII. LIABILITY INSURANCE CLAIM SETTLEMENTS

Under the Michigan Municipal Risk Management Authority (MMRMA) program the City is self-insured for the first $150,000 of any single liability claim. A portion of the City's annual "premium" paid to MMRMA is set aside in a reserve account to cover this retained risk and no disbursement can be made from this reserve without prior authorization from the City.

When a claim is made against the City, all pertinent information is turned over to MMRMA. The "claims adjusting" section of MMRMA then investigates the claim thoroughly and recommends a course of action to the City (e.g. deny claim, settle for no more than X dollars, etc.).

The following policy will govern the handling of such liability claims:

- The City Manager or the Finance Director is authorized to approve settlements up to $15,000 provided that the settlement is consistent with the recommendation of the MMRMA.
- Settlements for amounts less than $15,000 which are not consistent with the recommendation of MMRMA may only be authorized with concurrence of the City Attorney and timely notification of the City Commission.
- Proposed claim settlements in excess of $15,000 must be reviewed and approved by the City Commission.

IX. POLICY FOR ADJUSTING UNCOLLECTIBLE ACCOUNTS

During the normal course of conducting its business, the City invoices outside parties for a variety of reasons ranging from taxes, fines, or penalties to the sale of City services or goods. Most billings are paid promptly and the majority of those that are not are ultimately collected through discontinuance of service, use of third-party collection services, or other means. However, it is periodically necessary to adjust the City's receivable records by "writing-off" accounts deemed to be uncollectible or by making an adjustment to reflect the negotiated settlement of a disputed account.

The City's policy for adjusting accounts receivable shall be:

The City shall maintain in its general ledger records delinquent accounts receivables for the five most recent years. A reserve for estimated uncollectible accounts receivable shall be maintained in the general ledger. The reserve will be equal to one-half of the fund's delinquent accounts receivable outstanding as of each June 30th. At the close of each fiscal year, the City will write-off any balances remaining uncollected that are more than five years old. Accounts that are written-off may be turned over to a private collection agency for additional collection efforts.

For receivables under five years old preliminary authorization for adjustments or write-offs of individual accounts receivable for amounts not in excess of $15,000.00 may be given by the City Manager or other responsible official designated by the City Manager (e.g. the City Treasurer in the case of water bills).

The adjustment or write-off of individual accounts receivable for amounts in excess of $15,000.00 shall be approved by the City Commission on an individual basis.

Adjustments to accounts receivable which are determined by the City Treasurer to be necessary due to administrative error may be made without going through the procedure outlined above.

X. POLICY FOR ADJUSTING DELINQUENT REAL & PERSONAL PROPERTY TAXES

The City's policy for adjusting delinquent personal property taxes shall be as follows:

- A reserve for estimated uncollectible personal property taxes shall be maintained in each fund having delinquent personal property tax receivables. The reserve will be equal to one-half of the fund's delinquent personal property taxes outstanding as of each June 30th.
- The City shall only maintain in its general ledger records delinquent personal property tax receivables for the two most recent years in an attempt to comply with the GASB 60 day rule. At the close of each fiscal year, the City will write-off any balances remaining uncollected that are more than two years old. Balances written off may be turned over to a private collection agency for additional collection efforts.

Real property taxes that become delinquent are turned over to the County treasurer for collection. The City is generally made whole at the outset of the collection process and only “charged back” for those taxes that remain delinquent after 2-3 years of unsuccessful collection effort. If in the City’s judgment a delinquent account will ultimately be uncollectible through this process the City will escrow the funds received from the County to cover an eventually charge back.

XI. INVESTMENT POLICY

The Director of Finance serves as the City’s Investment Officer as defined in Michigan Compiled Laws (MCL) Chapter 129.91.

This Investment Policy replaces any previously dated investment policies, guidelines or lists of authorized investments.

SCOPE

This Policy shall apply to the investment management of all financial assets under control of the City.

To the extent practical, all excess cash, except for cash in certain restricted and special accounts, shall be pooled for investment purposes. The investment income derived from the pooled investment account shall be allocated to the contributing funds based upon the proportion of the respective average balances relative to the total pooled balance. Interest earnings shall be distributed to individual funds on a monthly basis.

OBJECTIVES

The City's principal investment objectives are (in order of importance):

- SAFETY: Preservation of capital and protection of investment principal.
- LIQUIDITY: Maintenance of sufficient liquidity to meet anticipated cash flows.
- YIELD: Attainment of a market value rate of return.

PRUDENCE

The standard of prudence to be used for managing the City's assets shall be the “prudent investor rule” which in general states that investments shall be made with the judgment and care that under the circumstances then prevailing, persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.

The City recognizes that no investment is totally risk less and that the investment activities of the City are a matter of public record. Accordingly, the City recognizes that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the City.

The Director of Finance and authorized investment personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the City Commission and appropriate action is taken to control adverse developments.

DELEGATION OF AUTHORITY

The Director of Finance may delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to the Assistant Finance Director and/or the City Treasurer. No person may engage in an investment transaction except as expressly provided under the terms of this Investment Policy.

The City may engage the support services of outside professionals in regard to its investment program, so long as it can be clearly demonstrated that these services produce a net financial advantage or necessary financial protection of the City's financial resources.

AUTHORIZED SECURITIES AND TRANSACTIONS

All investments of the City shall be made in accordance with MCL Chapter 129.91 - 129.96 (Act 20 of 1943). Any revisions or extensions of these sections of MCL will be deemed to be part of this Investment Policy immediately upon being enacted.

INVESTMENT DIVERSIFICATION AND LIQUIDITY

It is the intent of the City to diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The maximum investment in each of the following categories shall not exceed 25% of the total portfolio: Commercial Paper, Eligible Bankers Acceptances and uninsured Certificates of Deposit.

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. The City shall maintain at least 10% of its total portfolio in cash and/or instruments maturing in 30 days or less.

SELECTION OF BROKER/DEALERS

Broker/dealers will be selected by the Director of Finance on the basis of their expertise in public cash management and their ability to provide services for the City's account. Approved broker/dealers and the firms they represent shall be licensed to do business in the State of Michigan and as such are subject to the provisions of Michigan Statutes relating to the investment of public funds. Broker/dealers shall attest in writing that they have received and reviewed a copy of this Policy.

The City may purchase commercial paper, CD’s and other securities from direct issuers as long as they meet the criteria outlined in the Authorized Securities and Transactions section of this Policy.

SELECTION OF DEPOSITORY BANKS

Periodically, through a Request for Proposal process, the City shall select a bank to provide checking account and other banking services for the City. To be eligible for authorization, a bank must (1) be a member of the FDIC, (2) be eligible to be a depository of funds belonging to the State of Michigan, (3) maintain a permanent office within the City of Muskegon and, (4) be financially stable and sound as periodically determine through credit analysis provided through a reputable bank rating service.

Notwithstanding provision (3) in the preceding paragraph, Time Certificates of Deposit described in the section of this policy, “Authorized Securities and Transactions” may be purchased from authorized banks if they meet requirements of Act 20.

SAFEKEEPING AND CUSTODY

The Director of Finance shall select a bank to provide safekeeping and custodial services for the City. The custodian bank will be selected on the basis of its ability to provide services for the City's account and the competitive pricing of its safekeeping related services, and shall be financially stable and sound as periodically determined through credit analysis provided through a reputable bank rating service.

The Director of Finance shall maintain a file of the credit rating analysis reports performed for the custodian bank. Bank credit analysis shall be performed on a semi-annual basis.

REPORTING

Accounting and reporting on the City's investment portfolio shall conform to Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB) recommended practices. On a monthly basis, the Director of Finance shall submit to the City Commission an investment report, listing the investments held by the City, the current market valuation of the investments and performance results. The report shall include a summary of investment earnings during the period.

XII. PETTY CASH USES AND LIMITS

Petty cash accounts may be established in such locations and in such amounts as may be determined necessary by the City Manager. Petty cash disbursements up to $300.00 are permitted for the following purposes: 1) for the expedited purchase of minor goods or services, 2) to provide immediate reimbursement to employees for travel or other costs paid out of their own pocket in the conduct of City business and, 3) to provide immediate refunds to customers as warranted. All uses of petty cash must be fully supported by receipts or other appropriate documentation. Petty cash procedures shall be reviewed periodically by the City's Finance Department.

Employees traveling on City business may receive a petty cash travel advance of up to $300.00 from the City Treasurer's Office to be used for travel purposes. The employee's department head must approve travel advances. Cash advances of more than $300.00 are discouraged and will only be made upon written authorization of the employee's department head and the City manager.

In order to distinguish travel advance requests from expense reporting, while simplifying the process to the extent possible, there is a separate form for that purpose. Please note that with the *Request for Petty Cash Travel Advance* form, the requesting party must acknowledge that receipts and any money owed the City must be returned within ten days of return from travel. If the money and/or expense documentation is not returned, the employee authorizes the full amount of the travel advance to be deducted from their paycheck along with a $5.00 processing fee. The *Request for Petty Cash Travel Advance* forms are available through the City Treasurer's Office.

Note that all travel expenses should be reported on the *Travel Expense Reporting Form* as soon as possible upon returning from travel. *Travel Expense Reporting Forms* are available on the City's Intranet Page.

XIII. PROCEEDS FROM SALE OF CITY-OWNED REAL ESTATE

From time to time the City sells real estate that it owns. It is City policy that, unless required by law or by specific direction of the City Commission, proceeds from such property sales shall be deposited to the City's Public Improvement Fund to be used to finance general purpose capital needs.

In the case of tax reverted property sold by the City, sale proceeds will first be used to reimburse appropriate City funds for expenses incurred in maintaining and selling the property. Any remaining sale proceeds will be distributed to the City and other taxing jurisdictions in the same manner as regular property taxes.

XIV. PROCUREMENT CARD PROGRAM POLICY

GENERAL

Regular government purchasing methods, such as purchase orders, can be cumbersome and costly in relation to the value of goods being purchased. To promote operational efficiency, the City has adopted a procurement card purchasing program for use with small dollar value purchases.

A number of unique controls have been developed for the procurement card program. These controls will ensure that cards can be used only for specific purchases and within specific dollar limits. In addition, documentation of all purchases is required by each cardholder with further approval from the department head and the City Manager's office before payment is made.

The unique procurement card issued by the City has the employee's name embossed on it together with the City's tax-exempt status. No one other than the employee whose name is on the card may use the card. **CITY ISSUED PROCUREMENT CARDS MAY ONLY BE USED BY DESIGNATED CITY EMPLOYEES FOR THE PURCHASE OF GOODS OR SERVICES FOR THE OFFICIAL BUSINESS OF THE CITY OF MUSKEGON. UNDER NO CIRCUMSTANCES IS THE PROCUREMENT CARD TO BE USED FOR PERSONAL PURCHASES.**

DESIGNATION OF RESPONSIBLE OFFICIAL

The Finance Director is designated as the official responsible for overseeing compliance with this procurement card policy including procurement card issuance, accounting for procurement card transactions, monitoring and payment of procurement card statements.

TRANSACTION AMOUNTS

The procurement card may be used for purchases of individual items up to $2,500.00 in value. The *total monthly dollar value* of transactions on each procurement card will generally be limited to $5,000.00. The City Manager may establish higher monthly credit limits for employees whose positions require higher than normal use of the procurement card. The total combined authorized credit limit of all procurement cards issued by the City shall not exceed five percent of the City's total budget for the current year. All purchases made with a City procurement card must be fully supported by receipts, invoices, and other documentation. Such documentation is to be attached to the monthly procurement card statement and cardholder's reconciliation.

CREDIT CARD REBATES/REWARDS

To the extent the City earns rebates or rewards from use of procurement cards, the rebates will be recorded as general fund income used to offset the costs of bank service charges.

CREDIT CARD USE FOR LARGE RECURRING ITEMS

Some vendors accept credit card payment for large recurring bills such as electric bills and solid waste collection. Since the City can earn rebates on credit card use, it may be to the City's benefit to pay these bills via credit card. The City manager and/or finance director will inform the City commission of these opportunities in advance and will establish special use credit card accounts that are electronically restricted to the specific type of transaction/vendor.

EMERGENCY TRANSACTION AMOUNTS

In the event of an extended emergency, the City Manager is authorized to establish higher procurement card limits on a temporary basis so that City employees may procure goods and services necessary to deal with the emergency. In no event are emergency transaction limits to be in effect for more than thirty days.

INTEREST COSTS AND SALES TAX

It is the City's policy to pay in full each month on or before the due date the total balance due on its procurement cards thereby avoiding interest charges. As a municipality, the City is exempt from payment of state sales tax. City procurement card users are expected to exercise care in conducting transactions to ensure that they are not incorrectly charged for sales tax.

OTHER PURCHASING POLICIES

The procurement card is a supplement to other purchasing procedures such as purchase orders. As with the other purchasing methods, the following conditions must be met when using your procurement card.

- Each single purchase may be comprised of multiple items, but the total cannot exceed the single purchase dollar limit on your procurement card.
- When purchases exceed the established dollar limits, the normal procedures of using purchase orders must be followed unless written authorization is given by the employee's department head.
- The least expensive item that meets your basic needs should be bought and competitive quotes must be obtained in accordance with existing purchasing policies.
- Cardholders must follow normal budgetary control procedures to ensure that sufficient funds are available prior to making purchase.
- Use of the procurement card does not relieve the cardholder from complying with Federal, State and City ordinances, regulations, policies and procedures.
- Use of the procurement card is not intended to replace effective procurement planning which enable volume discounts.
- Purchases are not to be split to circumvent procurement regulations.

RESTRICTIONS ON USE

The following list covers purchases for which procurement cards use is prohibited:

- Cash advances through bank tellers or teller machines.
- Traveler's Checks.
- Purchase of gasoline or diesel fuel for City vehicles except in emergencies (use City pumps or Fuelman System).
- Purchase of items stocked in City inventory unless required in emergencies.
- Additional specific restrictions as deemed necessary by individual departments.

XV. ELECTRONIC PAYMENTS

Modern technology makes it possible to transfer funds electronically in lieu of issuing paper checks. This technology offers many benefits to users including lower transaction costs, reduced opportunities for fraud, and better cash management control. The City has effectively utilized this technology for several years for purposes such as direct deposit of employee paychecks and automatic payment of customers' water bills. The City supports continued use and expansion of electronic payments technology for payment of vendors and other uses provided appropriate internal controls are established. The City Manager and Finance Director, in conjunction with the City's independent auditors, are authorized to develop the necessary procedures and controls for expanded use of this technology in the City of Muskegon.

XVI. ACCEPTANCE OF CREDIT CARD PAYMENTS

The City has studied the costs and benefits of accepting credit card payments from customers and has determined that credit card acceptance significantly enhances customer service and provides administrative and other benefits to the City that outweigh the associated costs. Accordingly, the City's policy shall be to accept credit cards for payment of all City bills and invoices *except routine payment of property taxes.* The City Treasurer or Income Tax Administrator may permit payment by credit card for property taxes in specific collection cases where they have determined it is in the City's best interest to do so.

XVII. TRAVEL POLICY AND GUIDELINES

SCOPE

This policy applies to all City of Muskegon elected officials, employees, board members, volunteers and others when travelling on official City business and/or travelling at City expense.

AUTHORIZED TRAVEL

In the normal course of conducting City business, employees are required to travel for purposes of work-related meetings, training opportunities, professional conferences, or other business purposes. As part of the annual budget process, departments' request funding for travel purposes for the coming year. Department heads have full authority to approve travel for their employees (without additional authorization) within limits of the department's approved travel budget. Travel that is significantly beyond the parameters of the department's travel budget should be approved by the City Manager together with a corresponding budget adjustment if required.

TRAVEL COSTS

The City recognizes that its employees are responsible adults who take the same care in incurring travel expenses while on City business as when traveling on personal business. Accordingly, this policy does not establish rigid cost limits for lodging, meals, or other travel costs. Instead, the following general guidelines are offered while recognizing that special circumstances may dictate that employees incur costs beyond these guidelines:

Lodging - Lodging costs should generally range between $75.00 - $150.00 per night depending on location (based on single occupancy and including local taxes which the City is not exempt from). Employees are relied upon to use their good judgment in selecting safe and economical accommodations.

Two important factors to remember when making hotel reservations: 1) you should always ask for special "government" rates that are typically deeply discounted from regular rates and, 2) you should identify the travel as official City business exempt from state sales tax and inquire as to any specific documentation requirements the hotel may have.

Costs for in-room movies, exercise rooms, or other hotel services not included in the basic room rate are not reimbursable by the City.

Meals - Meal costs should generally not exceed $40.00 per person for each full day of travel (including gratuities and taxes). For partial day travel or individual meal reimbursements, the following limits will apply:

Breakfast	$8.00	Travel Before 8:00 AM
Lunch	$10.00	Travel Before 12:00 Noon
Dinner	$22.00	Travel Before 6:00 PM

Individual meal limits will apply regardless of whether or not reimbursement is sought for other meals during the day. For example, it is not permissible to "skip" breakfast and lunch in order to be reimbursed $40.00 for a dinner; instead, the dinner will only be reimbursed up to the $22.00 limit specified above. Often lunch or other meals are included in the registration price of a seminar or conference. It is expected that employees attending these functions will partake in these meals. The City will not reimburse meal costs if the employee chooses to forgo the conference meal and dine elsewhere.

Transportation - Vehicle travel may be by either City vehicle or the employee's private vehicle. If a private vehicle is used, reimbursement will be based on the number of miles traveled times the allowable IRS business mileage rate in effect at that time. Air travel is generally used for destinations more than 300 miles away. Employees are encouraged to take advantage of discounted airfares and should utilize the Muskegon County Airport whenever possible.

Employees may elect to use private vehicles for travel to destinations more than 300 miles away and will be reimbursed based on the current IRS mileage rate or equivalent round trip coach airfare for that destination, whichever is less. However, no reimbursement will be made for added lodging or meal costs incurred because of the extra travel time.

Employees who elect to use their own vehicle should be aware that under the laws of the State of Michigan, every vehicle owner is required purchase insurance that is the primary coverage for that vehicle. While using a private vehicle for City travel, any automobile liability insurance coverage in force for the City is excess coverage only for the employee/vehicle owner.

Other Costs - Other incidental costs (such as parking, ground transport, phone calls), should not exceed an average of $15.00 per day. Rental car costs generally will not be reimbursed by the City as it is expected that employees will utilize lodging in close proximity to the conference or other event. In extraordinary circumstances where the employee deems it necessary to rent a car, reimbursement will only be made with the written authorization of the City manager.

Traveling With Spouse - There is no objection to employees inviting their spouse to travel along on City business. However, the City will pay for none of the spouse's travel expenses and care should be taken to maintain separate records of the employee's reimbursable travel costs.

PAYING FOR TRAVEL COSTS

Methods available for employees to pay travel costs include the following:

City Credit Card - Employees who have been issued a City of Muskegon credit card should use it to pay their travel costs. Additionally, in each department a credit card holder is designated to use their card to pay for other employees' travel costs that can be readily handled in advance (e.g. airline tickets, conference registration, hotel, etc.).

Personal Credit Card - Employees who have not been issued a City credit card may find it convenient to pay travel costs on their own personal credit card and receive cash reimbursement from the City.

Petty Cash Advance - Employees traveling on City business may receive a petty cash travel advance of up to $300.00 from the City Treasurer's Office to be used for travel purposes. The employee's department head must approve travel advances. Cash advances of more than $300.00 are discouraged and will only be made upon written authorization of the employee's department head and the City manager.

In order to distinguish travel advance requests from expense reporting, while simplifying the process to the extent possible, there is a separate form for that purpose. Please note that with the *Request for Petty Cash Travel Advance* form, the requesting party must acknowledge that receipts and any money owed the City must be returned within ten days of return from travel. If the money and/or expense documentation is not returned, the employee authorizes the full amount of the travel advance to be deducted from their paycheck along with a $5.00 processing fee. The *Request for Petty Cash Travel Advance* forms are available through the City Treasurer's Office.

Note that all travel expenses should be reported on the *Travel Expense Reporting Form* as soon as possible upon returning from travel. *Travel Expense Reporting Forms* are available on the City's Intranet Page.

REPORTING REQUIREMENTS FOR TRAVEL EXPENSE REIMBURSEMENT

Travel expense reporting has been simplified to the extent possible. The following guidelines apply to travel expense reporting:

- Travel expenses are to be reported on the Travel Expense Reporting Form included with this pamphlet as soon as possible upon returning from travel.
- Only expenses for which cash reimbursement is sought by the employee need to be reported. Expenses paid in advance or expenses paid by City credit card should not be included on the Travel Expense Reporting Form.
- **Expenses must always be supported by receipts or other documentation.**
- If total expenses to be reimbursed are $300.00 or less, you may obtain immediate reimbursement from the City Treasurer's Office.
- If total expenses to be reimbursed are more than $300.00, they will be reimbursed as a separately itemized, non-taxable category on the employee's regular bi-weekly paycheck. Accordingly, travel expense report forms must be submitted to the Finance Office with all necessary approvals no later than 5:00PM on the Friday prior to payday for reimbursement on that paycheck.

DOUBLE-DIPPING

It should go without saying that City expects honest and ethical behavior from its employees in handling travel expense matters. Travel expenses that are partially or fully paid by outside parties (such as federal agencies) are not to also be submitted for reimbursement from the City. Any employee found to be deliberately misreporting travel expenses will be subject to disciplinary action as well as potential prosecution.

LOCAL BUSINESS EXPENSES

In addition to travel expenses, it is sometimes appropriate for City employees to incur costs on behalf of boards or committees or in the course of entertaining visiting guests. Department heads have full authority to approve such costs (within budgetary limits) and the same general guidelines as outlined above for employee travel expenses should be followed.

XXVIII. CELL PHONE POLICY

GOAL

It is the goal of the City to provide cellular telephones to City employees who need them to perform the essential functions of their jobs.

SAFETY

The first concern of the City is the safety of their employees and the public. Employees should use proper safety procedures at all times when using a cellular phone, especially while operating equipment, driving on City business or performing similar duties. This includes pulling to the side of the road if feasible when making or receiving a cellular phone call. Text messages under no circumstances should be sent or viewed while driving.

POLICY

Department Heads and Supervisors may request cellular phones for employee use when the expense and use of the phone is justifiable in terms of improved service and responsiveness to citizens and/or other employees. Cellular phones should be provided only when they are required for the employee to perform essential functions of his/her job. Additionally at the discretion of the Department Head/Supervisor enhanced features or smart phones may be requested. Smart phones or a phone with enhanced features will require an employee to share in the cost. This amount will be determined by Finance annually. The City realizes the phone will be used for personal use as well as City use however excessive use or abuse of the phone and/or phone services could result in additional charges or cancellation of phone services.

It is the responsibility of the Department Head/Supervisor to review the monthly statements and report any concerns to the Finance Department.

With approval from the City Manager and Department Head an employee may elect to use his/her own cellular phone for City business. The phone must be fully available during the employee's scheduled work hours. Employees using their personal cellular phone will be reimbursed per month for the use of their phone. This reimbursement is taxable income to the employee and the amount will be determined by Finance annually. Certain employees who are required to have enhanced phone features/smart phones for their job may be reimbursed at a higher rate with approval from the City Manager.

XIX. CASH HANDLING POLICY FOR DEPARTMENTS ACCEPTING PAYMENTS FROM CITIZENS

This policy is intended as a guide and supplement to other measures which should exist surrounding the collection, timely deposit, and recording of collections in the records at each City location.

For some City departments that have higher volumes of cash transactions, a cash register is used to record receipt transactions. All transactions must be entered in the register and **a receipt must be issued to each customer**. For other departments, the method for recording and balancing is with a receipt book that has pre-numbered receipts. This method is acceptable with the understanding that all transactions are entered, and **a receipt is issued to every customer**. The pre-numbered receipt books are issued to City departments by the treasurer's office.

City departments handling cash have starting cash, which is used for making change for their customers. When balancing out the daily transactions, you first remove the starting cash amount. The receipts should offset the money (cash and checks) that you have remaining. If this is not the case, then, you have an overage or a shortage. This must be noted on your pink “cash-out” slip/sheet. Two signatures are required for all deposits. If a discrepancy (shortage or overage) occurs, the department’s authorized person (usually the department head) must review and sign the cash-out slip/sheet.

For departments that have a cash register, on a daily or other periodic basis, you should enter a summary of the receipt transactions into the GEMS Financial System’s Cash Receipts module on a “cash sheet” and generate a “Cash Receipts Edit” report. The “Cash Receipts Edit” report, cash register transaction summary tape, money received, an adding machine tape and/or item count of checks and the “cash-out” sheet should be hand delivered to the City Treasurer’s office each day. The treasurer’s office will issue a receipt for the total amount deposited.

For departments without a cash register, on a daily or other periodic basis, you should prepare a deposit report detailing the receipt transactions being deposited. Each deposit report includes all pre-numbered receipt numbers used by the department since the last report, even if the receipt was voided. The deposit report, money received, an adding machine tape and/or item count of checks and the “cash-out” sheet should be hand delivered to the City Treasurer’s office each day. The treasurer’s office will issue a receipt for the total amount deposited.

If assistance is needed in reference to any of the above, please contact the treasurer’s office.

XX. ACCOUNTS PAYABLE

The City fully recognizes the importance of paying its vendors and suppliers in a timely manner. Late vendor payments result in higher costs as well as damage to the City’s reputation. Accordingly, it is City policy to issue accounts payable (A/P) checks on the second and fourth Fridays of each month. This cycle will ensure that (provided timely departmental approvals are obtained) vendor payments will be made within 30 days of invoice receipt.

City departments are expected to plan their payment transactions around the regular A/P check cycle; off-cycle A/P checks will not be permitted without the approval of the Finance Director or Assistant Finance Director. In emergency situations where payment cannot wait for the regular A/P check cycle, arrangements can be made with the Finance Department to electronically transfer funds to the vendor’s account.

XXI. ACCOUNTS RECEIVABLE AND BANKRUPTCY

ACCOUNTS RECEIVABLE BILLING OUTSOURCE

The City’s Collection Agency will handle billings for the following types of invoices:

- Environmental
- Demolition and Board Ups
- Impounds
- Rental Property Registration
- Vacant Building

The Collection Agency will generate the initial invoice along with any follow up/delinquent notices, pre-collection notices and collection notices. In an attempt to promote timely payment, invoices for environmental and demolition issues paid within the first 30 days will receive a 20% discount. These invoices will only be recorded as revenue to the City when they are paid.

Environmental Invoices can be appealed through the Planning department within 30 days from the date of the original invoice.

ACCOUNTS RECEIVABLE PROCEDURES

Each department will input invoices through the City's A/R system software for billing types not handled by the Collection Agency. The Treasurer's Office will process the Receivables every Friday and mail out the invoices. Each department should periodically but no less than monthly review invoices their office has initiated for payment. It is up to the individual departments to monitor the payment of their accounts and notify the Finance Division of problems. The Treasurer's Office will review and turn over to the Collection Agency invoices outstanding for 90 or more days.

LEGAL ACTION

Legal action may be used only as a last resort to collect on delinquent accounts. On the advice of the Collection Agency it will be up to the City Treasurer and/or Income Tax Administrator / Deputy Treasurer to determine which accounts warrant such action taking into consideration time and added costs in collecting the delinquent account(s).

SETTLEMENTS

From time to time, debtors may want to enter into negotiations regarding their delinquent account(s). The City Treasurer and/or Income Tax Administrator / Deputy Treasurer will have the authority to enter into meaningful settlement negotiations with the debtor for accounts under $15,000.

OBSERVATION OF COLLECTION LAWS

The City Treasurer and/or Income Tax Administrator / Deputy Treasurer will ensure that all Federal, State and local laws are observed and understood by all whom engage in collection activities on behalf of the City of Muskegon.

BANKRUPTCIES

Bankruptcy notices should always be forwarded to the Income Tax Administrator / Deputy Treasurer, regardless of whether the department receiving the notice of bankruptcy has an outstanding receivable balance due from the debtor or not. Other departments throughout the City may also have business pending with the debtor and must be notified of the bankruptcy status.

Upon receipt, the Income Tax Administrator / Deputy Treasurer will circulate a notice to various departments which typically deal with receivable accounts and who may be maintaining a collection account with the debtor. Departments wishing to be included in the routing on a regular basis should contact the Income Tax Administrator / Deputy Treasurer.

If a department receives correspondence from the Income Tax Administrator / Deputy Treasurer requesting information on outstanding debts involved in a bankruptcy, the department should return to the Income Tax Administrator / Deputy Treasurer the requested information, with supporting documents, within seven days of receipt. The Income Tax Administrator / Deputy Treasurer will consolidate information from the City as a whole and prepare and file a claim on a timely basis.

Departments utilizing an outside collection agency should notify the agency that upon receipt of a bankruptcy notice, the agency is required to close and return the account to the City immediately.

Under no circumstances is an outside agency, such as a collection agency, to file a bankruptcy claim on behalf of the City.

The Income Tax Administrator / Deputy Treasurer will review certain accounts that may be forwarded to the City Attorney's Office for consideration due to the complexity of the bankruptcy proceeding.

Upon receipt of a bankruptcy discharge or dismissal, the Income Tax Administrator / Deputy Treasurer will notify all departments involved.

XXII. PAYROLL

DEDUCTIONS

The City is required to make various deductions from employee paychecks for taxes, pension contributions, union dues and other purposes mandated by law, union contracts, or terms of employment. Additionally, the City offers a range of "voluntary" deduction programs deemed to be of general benefit to employees. These include deferred compensation retirement savings, additional life insurance purchase, and U.S. Savings Bonds.

From time to time, outside firms (typically offering investment and/or insurance products) approach the City about including their programs on the City's voluntary payroll deduction menu. Although such programs are touted as "employee benefits having no-cost to the City", the fact is that these programs can entail significant costs not only for payroll administration, but also in terms of employee time consumed in marketing or educational efforts. The City's general policy will be to deny such requests. However, the City may elect to implement voluntary deduction programs it deems to be worthwhile.

DIRECT DEPOSIT

The City encourages Direct Deposit of payroll checks both as a means to improve operational efficiency and reduce opportunities for fraud. To the extent allowed by state law, the City may elect to mandate all employees be paid via Direct Deposit. The following polices will govern the City's Direct Deposit practices:

- New employees will be given the choice of full direct deposit to one or multiple financial institution and/or accounts or to receive a paper check.
- Current employees will no longer be able to choose partial direct deposit <u>and</u> receipt of a paper check.
- Employees who currently direct deposit a portion of their payroll and receive a paper check will not be allowed to make any changes to their deposit accounts or amounts unless they are switching to full direct deposit.
- To the extent allowed by state law, the City may elect to mandate all employees be paid via Direct Deposit.

XXIII. SOCIAL SECURITY NUMBER PRIVACY POLICY

Section 1. Purpose

The purpose of this policy is to protect confidential information from individuals and businesses that have contact with the City of Muskegon.

Section 2. Definitions

(a) "Computer", "computer network", or "computer system" mean those terms as defined by the City of Muskegon's Information Technology Department

(b) "Mailed" means delivered by United States mail or other delivery service that does not require the signature of recipient indicating actual receipt.

(c) "Person" means an individual, partnership, Limited Liability Company, association, corporation, public or nonpublic elementary or secondary school, trade school, vocational school, community or junior college, college, university, state or local governmental agency or department, or other legal entity.
(d) "Publicly display" means to exhibit, hold up, post, or make visible or set out for open view, including, but not limited to, open view on a computer device, computer network, website, or other electronic medium or device, to members of the public or in a public manner.

(e) "Website" means a collection of pages of the world wide web or internet, usually in HTML format, with clickable or hypertext links to enable navigation from 1 page or section to another, that often uses associated graphics files to provide illustration and may contain other clickable or hypertext links.

Section 3. Prohibited use of social security number of employee, student, or other individual; exceptions.

(1) Except as provided in subsection (2), a person shall not intentionally do any of the following with the social security number of an employee, student, or other individual:

(a) Publicly display all or more than 4 sequential digits of the social security number.

(b) Subject to subsection (3), use all or more than 4 sequential digits of the social security number as the primary account number for an individual. However, if the person is using the social security number under subdivision (c) and as the primary account number on the effective date of this act, this subdivision does not apply to that person until January 1, 2006.

(c) Visibly print all or more than 4 sequential digits of the social security number on any identification badge or card, membership card, or permit or license.

(d) Require an individual to use or transmit all or more than 4 sequential digits of his or her social security number over the internet or a computer system or network unless the connection is secure or the transmission is encrypted.

(e) Require an individual to use or transmit all or more than 4 sequential digits of his or her social security number to gain access to an internet website or a computer system or network unless the connection is secure, the transmission is encrypted, or a password or other unique personal identification number or other authentication device is also required to gain access to the internet website or computer system or network.

(f) Include all or more than 4 sequential digits of the social security number in or on any document or information mailed or otherwise sent to an individual if it is visible on or, without manipulation, from outside of the envelope or packaging.

(g) Subject to subsection (3), beginning January 1, 2006, include all or more than 4 sequential digits of the social security number in any document or information mailed to a person, unless any of the following apply:

(i) State or federal law, rule, regulation, or court order or rule authorizes, permits, or requires that a social security number appear in the document.
(ii) The document is sent as part of an application or enrollment process initiated by the individual.
(iii) The document is sent to establish, confirm the status of, service, amend, or terminate an account, contract, policy, or employee or health insurance benefit or to confirm the accuracy of a social security number of an individual who has an account, contract, policy, or employee or health insurance benefit.
(iv) The document or information is mailed by a public body under any of the following circumstances:

(a) The document or information is a public record and is mailed in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246
(b) The document or information is a copy of a public record filed or recorded with a county clerk or register of deeds office and is mailed by that office to a person entitled to receive that record.
(c) The document or information is a copy of a vital record recorded as provided by law and is mailed to a person entitled to receive that record.

(v) The document or information is mailed by or at the request of an individual whose social security number appears in the document or information or his or her parent or legal guardian.

(2) Subsection (1) does not apply to any of the following:

(a) A use of all or more than 4 sequential digits of a social security number that is authorized or required by state or federal statute, rule, or regulation, by court order or rule, or pursuant to legal discovery or process.

(3) It is not a violation of subsection (1)(b) or (g) to use all or more than 4 sequential digits of a social security number if the use is any of the following:

(a) An administrative use of all or more than 4 sequential digits of the social security number the ordinary course of business, by a person or a vendor of a person or a vendor or contractor of a person, to do any of the following:

(i) Verify an individual's identity, identify an individual, or do another similar administrative purpose related to an account, transaction, product, service, or employment or proposed account, transaction, product, service, or employment.
(ii) Investigate an individual's claim, credit, criminal, or driving history.
(iii) Detect, prevent, or deter identity theft or another crime
(iv) Lawfully pursue or enforce a person's legal rights, including, but not limited to, an audit, collection, investigation, or transfer of a tax, employee benefit, debt, claim, receivable, or account or an interest in a receivable or account.
(v) Lawfully investigate, collect a spousal obligation or tax liability.
(vi) Provide or administer employee or health insurance or membership benefits, claims, or retirement programs.

(b) A use of all or more than 4 sequential digits of a social security number as a primary account number that meets both of the following;

(i) The use began before the effective date of this act.
(ii) The use is ongoing, continuous, and in the ordinary course of business. If the use is stopped for any reason, this subdivision no longer applies.

Section 4. Privacy policy

(1) Effective January 1, 2006, all employees for the City of Muskegon are required to abide by the Social Security Policy.

(a) All information that contains social security numbers must be handled discretely and remain confidential

(b) Prohibits unlawful disclosure of the social security numbers.

(c) Employees will only have access to social security numbers on a need to know basis and if it pertains the ordinary course of business.

(d) All documents that contain social security numbers must be shredded or destroyed in a manner that information is no longer legible.

Section 5. Exemption from disclosure

All or more than 4 sequential digits of a social security number contained in a public record are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, pursuant to section 13(1)(d) of the freedom of information act, 1976 PA 442, MCL 15.243.

Sec. 6. Violation of Privacy Policy

(1) A person who violates section 3 with knowledge that the person's conduct violates this act is guilty of a misdemeanor punishable by imprisonment for not more than 93 days or a fine of not more than $1,000.00, or both.

(2) An individual may bring a civil action against a person who violates section 3 and may recover actual damages. If the person knowingly violates section 3, an individual may recover actual damages or $1,000.00, whichever is greater. If the person knowingly violates section 3, an individual may also recover reasonable attorney fees. Except for good cause, not later than 60 days before filing a civil action, an individual must make a written demand to the person for a violation of section 3 for the amount of his or her actual damages with reasonable documentation of the violation and the actual damages caused by the violation. This subsection does not apply to a person for conduct by an employee or agent of the person in violation of a privacy policy created pursuant to section 4 or in compliance with the fair credit reporting act, 15 USC 1681 to 1681v, or subtitle A of title V of the Gramm-Leach-Bliley act, 15 USC 6801 to 6809, if the person has taken reasonable measures to enforce its policy and to correct and prevent the reoccurrence of any known violations.

XXIV. WATER AND SEWER POLICIES

CHARGES FOR LATE PAYMENTS

Bills not paid by the due date shall be subject to a service charge equal to ten (10%) percent of the billing. In the event a delinquent bill must be spread on the taxes, for the purpose of covering associated administrative costs, an additional service charge equal to twenty (20%) percent with a minimum service charge of $25.00 and a maximum service charge of $100.00 of the original delinquent billing amount shall be charged.

ADJUSTMENT OF BILLS FOR MAJOR LEAKS

RESIDENTIAL WATER/SEWER LEAK ADJUSTMENT REGUALTIONS
The purpose of these regulations is to promote water conservation by encouraging customers to promptly fix leaks and plumbing problems and to establish guidelines that provide fair and consistent treatment of customers requesting leak adjustments.

TYPES OF ADJUSTMENTS

1) Adjustments for leaks where water was discharged into the sanitary sewer system.
2) Adjustments for leaks where water was *not* discharged into the sanitary sewer system.

RULES
No more than one leak adjustment will be allowed in any two year (24 month) period.

No more than two consecutive billing periods will be adjusted.

The request must be made within 30 days of the due date for the period initially involved and must be accompanied by the following:

- A written statement from the customer describing the nature of the problem, the date repairs were completed, and copies of the paid receipts for services and/or supplies (where applicable).
- Current readings (at the time of the request) from both the meter and remote device to be furnished by customer.

Leak adjustments will be based on metered usage experience after repairs are made and will be made only if usage is demonstrably reduced (after adjusting for any extenuating circumstances).

If lost water entered the sanitary sewer system, leak adjustments to the customer's water and sewer billing will equal 25% of the estimated loss for no more than two billing periods.

If the lost water *did not* enter the sanitary sewer system (i.e. leaks in crawl spaces or into the ground) water charges will be adjusted 25% of the estimated loss for no more than two billing periods and sewer charges will be adjusted to normal usage based on prior year's usage patterns.

If a leak is suspected but cannot be detected by the occupant or owner, additional assistance may be requested from the Water Maintenance Department at no charge to the customer.

SHUTOFF PRACTICES

While the City is authorized to shut off water service for any delinquent bill, the City will normally shut off water or sewer service if the charges to the premises or the meter in question are delinquent in the amount of $50.00 or more. This amount and practice shall vary, and the threshold amount for shutoff may be changed by the decision of the City Manager, from time to time, to an amount less or more than $50.00. This decision shall be made by the City Manager threshold amount for shutoff may be changed by the decision of the City Manager, from time to time, to an amount less or more than $50.00. This decision shall be made by the City Manager based on the administrative and enforcement availability and capability of City personnel, and the cost incurred by the City by using this method of enforcement.

BILLING INITIATION AND SERVICE CHANGES

Because state law dictates that a municipality that provides municipal water and sewer service to a property shall have a lien against the premises, the City requires that the legal property owner sign on for water and/or or sewer billing service and sign off for water and/or sewer service. The owner must approve any billing changes by signing an application for service form located at the Treasurer's Office/Water Billing Department. Positive identification is required to be provided.

BILLING CYCLES

For the purpose of reading water meters and billing customers, the city is divided into districts. The meters for each district are read monthly and the customer accounts are also billed each month with bills being due at least 15 days after the billing date.

E-BILLING

City water and sewer customers can sign up to receive their monthly bill in paperless format via the internet. Customers that agree to receive their monthly water and sewer bill via the internet help save paper, printing and postage costs and also receive a credit on their monthly bill.

AUTOMATIC PAYMENT (AUTOPAY)

City water and sewer customers can sign up to automatically pay their water and sewer bill in the Automatic Pay program. Under the Automatic Pay program the customer's water bill payment is automatically deducted from their bank checking account or charged to their credit card account each month when the bill is due. Customers enrolled in the Automatic Pay program receive a credit on their monthly bill.

WATER/SEWER AFFIDAVIT

Property owners who desire, pursuant to MCL123.165, to avoid a tenant's unpaid water/sewer bill from becoming a lien against the real estate, may execute an affidavit and file it with the City of Muskegon Water/Sewer Billing Department, 933 Terrace Street, Muskegon, MI 49440, together with a deposit of an amount which may be established from time to time by the Muskegon City Commission. A copy of the executed lease agreement must also be provided. The owner is required to use the affidavit form provided by the City. The requirements and contents of the affidavit are as follows:

1) The written lease with tenant; said lease must specifically provide that the tenant, not the owner of the property, is directly responsible for all water and sewer bills associated with the unit under lease to that tenant.

2) The affidavit must be filled in completely, accurately, signed and notarized. If it is not correctly and completely filled out, signed and notarized, any benefits allowed pursuant to MCL 123.165 will not be available to the property owner.

3) If there is more than one property owner or tenant; said affidavit must provide all applicable names. All required data must provide for said affidavit to be valid and enforceable.

4) The affidavit must contain the exact date upon which the tenant's written lease terminates. If the lease is extended, the extension must be in writing and the new termination date provided to the City with an affidavit containing the new information.

5) The required deposit must be paid at the time of submission of the affidavit to the City.

XXV. POVERTY EXEMPTION INCOME GUIDELINES

The guidelines shall include but not be limited to the specific income and asset levels of the claimant and all persons residing in the residence, including any property tax credit returns filed in the current or immediately preceding year.

To be eligible, a person shall do all of the following on an annual basis:

1) Be an owner of and occupy as a principal residence the property for which an exemption is requested.
2) File a claim with the City Assessor or Board of Review, accompanied by Federal and State Income tax returns for all persons residing in the residence, including any property tax credit returns filed in the immediately preceding year or current year.
3) Produce a valid driver's license or other form of positive identification if requested.
4) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested if requested.
5) Meet the Federal poverty income guidelines as defined and determined annually by the United States Office of Management and Budget (or its successor).
6) Total household assets, except for the principal residence being claimed, essential household goods, and one motor vehicle, may not exceed one quarter (25%) of the Federal poverty guideline for the entire household. Assets include, but are not limited to real estate, motor vehicles, recreational vehicles and equipment, time shares, certificates of deposit, savings accounts, checking accounts, stocks, bonds, life insurance, retirement funds, antiques and collectibles, etc. Assets do not include basic essential household goods such as furniture, appliances, dishes and clothing. The value of assets will not be reduced by the amount of any indebtedness owed on such assets, or any indebtedness otherwise owed by the applicant or members of the household.
7) The applicant must be able to produce evidence as requested that they have owend and occupied the residence for a minimum of two years before tax day of the year in which they seek the exemption.
8) The State Equalized Value of the property for which the exemption is claimed shall not exceed the mean average for residentially-classed properties in the City of Muskegon for the current tax year.

The Board of Review shall follow the above stated policy and Federal guidelines in granting or denying an exemption, unless the Board of Review determines there are substantial and compelling reasons why there should be a deviation from the policy and Federal guidelines and these are communicated in writing to the claimant.

XXVI. INCOME TAX POLICIES

PAYMENT AGREEMENTS

The City of Muskegon Income Tax Office does accept payment agreements. The terms of the agreement are as follows:

- Twenty five percent (25%) of the total tax due for all years must be paid plus a $15.00 fee.
- The remaining balance must be paid one year from the inception of the agreement.
- All future tax liabilities must be paid on time. This includes withholding tax payments if required.
- Interest and penalties will continue to accrue until the payment plan is paid in full.
- The City of Muskegon has the right to void this agreement at anytime.

If the taxpayer does not remain current on their payment agreement the City of Muskegon has the right to pursue payment through the court system or a collection agency.

WRITE OFF POLICY

The Income Tax Department may write off income tax liability deemed not collectable due to death or other reason. The Income Tax Administrator is authorized after ten (10) years to review and to write off total tax liability of a taxpayer up to $15,000. Income Tax liability over $15,000 requires City Commission approval before a write off can occur.

PROOF OF RESIDENCY

The City of Muskegon Income Tax follows the State of Michigan law to determine residency.

Resident means an individual domiciled in the city. Domicile means a place where a person has true, fixed and permanent home and principle residence.

Michigan law defines principal residence as the one place where a person has his or her true, fixed, and permanent home to which, whenever absent he or she intends to return and that shall continue as a principal residence until another principal residence is established.

In order to verify a person's claim that a particular property is a principal residence, the City of Muskegon will accept various documents that, taken together, to establish that the person or persons is a resident. Examples include drivers license, voter registration card, state identification cards, property tax records, mortgage deeds, rental agreements, income tax records and other documentation. No one of these factors taken alone is controlling over any other factor.

Date: September 13, 2011

To: Honorable Mayor and City Commissioners

From: Public Safety

RE: Application for Special License (Liquor Control Commission)

SUMMARY OF REQUEST: The Little Red House Inc. has submitted an application for a Special License for Beer, Wine and Spirits for consumption on the premises for September 24, 2011. This license is for a fundraiser dinner/dance to be held on the USS LST 393, 560 Mart Street.

The Foundation meets all of the requirements for the special license with the exception of the request for “spirits”. Commission policy dictates that any special license request which includes spirits must be considered and approved by the body.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Staff has no recommendation.

Michigan Department of Labor & Economic Growth
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
7150 Harris Drive - P.O. Box 30005 - Lansing, MI 48909-7505
(517)322-1326 or (517)322-6362

PART 1

Application For Special License For Sale of Beer and Wine Only or Beer, Wine and Spirits For Consumption on the Premises

1. Application for:
☐ Wine Auction ☐ Beer & Wine Only ☒ Beer, Wine & Spirits

2. Has your organization received a license before?
◯ Yes ⊗ No

3. Name and Address of Applicant Organization

Little Red House Inc
311 E Exchange St
Spring Lake, MI 49456

4. Non-profit Organization? (check one only)
⊗ Yes ◯ No*
(If No, you do not qualify for issuance of this license)

5. In continuous operation since (date): 09/01/2000

6. **RESOLUTION OF ORGANIZATION (required):**
At a meeting of the membership or board of directors, held on (date) May 19, 2011, the following resolution was passed by a majority vote. RESOLVED: That the organization, through its duly authorized officers, make application to the MLCC for a Special License for the sale of either Beer and Wine, or Beer, Wine and Spirits, for consumption on the premises to be in effect on the following days (enter dates)
Sept. 24, 2011 at the following location and address.
Location Name: USS LST 393
Address: 560 Mart Street Muskegan, MI 49440.
This location is in the (city, incorporated village or township) ______, County of Ottawa
Outdoor Location ◯ No ◯ Yes - if yes, submit a diagram with dimensions, indicate how it will be contained & security provisions.
Type of event: Fundraiser Dinner/Dance

7. **CHURCH OR SCHOOL APPROVAL:** If the proposed location is within 500 feet of a church and/or school then you must have both church and/or school officials approve the application for a special license by filling out and signing this box or attaching an authorizing statement sheet. I, the authorized representative of the named church and/or school, state that we have no objection to the issuance of a special license to the applicant organization, at the location entered on the resolution.
Name and address of church and/or school: ______
Address ______
City ______, ______ Zip ______

X ______

Signature of authorized church and/or school representative, phone # and date: (Attach additional sheets if necessary.)

8. **MILITARY INSTALLATION:** Is the proposed location at a military installation or a facility operated by the military? ◯ Yes ◯ No

If **YES**, you must also have the local government complete PART 4 of this application. Military Agreement Number ______

We understand the granting of this license and operation under such license are subject to all regulations of the Department of Military Affairs, the provisions of the Liquor Control Code, and the Rules of the Commission.

ALL APPLICANTS - We certify that all profits derived from the sale of beer, wine and/or spirits will go to the organization and not to any individual. We further certify that the statements made are true. We further agree to abide by all provisions of the Liquor Control Code and any rules issued by the Commission; that any license issued by the Commission is a contract subject to suspension or revocation by the MLCC, that there shall be no liability on the part of the State of Michigan, the MLCC, or any of its officers or employees by reason of such suspension or revocation, and that the granting of the license does not create a vested right.

MAIL LICENSE TO: Contact Phone No. 6168465720 **(You must be at least 21 years old to sign and receive a license.)**

Name Little Red House Inc

Address 311 E Exchange St
Spring Lake, MI 49456

Daniel L. Eagin
President (Signature must be legible) 616638 5411

15745 Vine, Spring Lake, MI 49456
Home Address and Daytime Phone Number

[signature]
Secretary (Signature must be legible)

15374 Oak Ridge Dr, Spring Lake, MI 49456 616.846.4040
Home Address and Daytime Phone Number

Michelle Geissinger
Signature of Notary

8-30-11
Subscribed and sworn on date

Michelle Geissinger
Print Name

Ottawa
County

Jan. 28, 2016
Commission Expires Date