CITY OF MUSKEGON

CITY COMMISSION MEETING

SEPTEMBER 12, 2006

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, September 12, 2006.

Mayor Warmington opened the meeting with a prayer from Reverend Michael Borgert from the First Christian Reformed Church after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen Warmington, Vice Mayor Stephen Gawron, Commissioner Sue Wierengo, Chris Carter, Kevin Davis, Clara Shepherd, and Lawrence Spataro, City Manager Bryon Mazade, City Attorney John Schrier, and Acting City Clerk Linda Potter.

2006-74 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve the minutes of the Regular Commission Meeting that was held on Tuesday, August 22, 2006.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the minutes.

B. Approval of a Neighborhood Enterprise Zone Certificate for 286 Monroe. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: An application for a Neighborhood Enterprise Zone certificate has been received from Neighborhood Investment Corporation to rehabilitate a home in the Nelson neighborhood at 286 Monroe Avenue. The home is located in a Neighborhood Enterprise Zone. The application states that the estimated cost for rehabilitation will be $73,057. The rehab will consist of plumbing, electrical, drywall, carpentry, painting, floor coverings, and siding repair for the home. The applicant has met local and state requirements for the issuance of the Neighborhood Enterprise Zone certificate. Approval or denial by the City Commission is required within 60 days of the application date and must be forwarded to the State Tax Commission.

FINANCIAL IMPACT: Taxation will be 50% of the State average for the next 12 years.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approve the issuance of the Neighborhood Enterprise Zone certificate.

C. **<u>Approval of a Neighborhood Enterprise Zone Certificate for 1203 4th Street.</u>** PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: An application for a Neighborhood Enterprise Zone certificate has been received from Neighborhood Investment Corporation to rehabilitate a home in the Nelson neighborhood at 1203 4th Street. The home is located in a Neighborhood Enterprise Zone. The application states that the estimated cost for rehabilitation will be $35,220. The rehab will consist of windows, floor coverings, paint, drywall, carpentry, bathroom, and a new kitchen to the home. The applicant has met local and state requirements for the issuance of the Neighborhood Enterprise Zone certificate. Approval or denial by the City Commission is required within 60 days of the application date and must be forwarded to the State Tax Commission.

FINANCIAL IMPACT: Taxation will be 50% of the State average for the next 9 years.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approve issuance of the Neighborhood Enterprise Zone certificate.

D. **<u>Sale of a Buildable Vacant Lot at 209 E. Walton.</u>** PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve the sale of a vacant buildable lot at 209 E. Walton to J2 Properties Development and Construction Company, LLC. The lot is 132 x 140 ft. and is being offered to J2 Properties Development and Construction Company, LLC for $4,125. This property will be split into two lots to construct two single-family homes facing Murphy Street. The proposed homes will have three bedrooms, two and a half bathrooms, a two stall attached garage, with one home consisting of 1,536 sq. ft. and the other one consisting of 1,400 sq. ft.

FINANCIAL IMPACT: The sale of this lot for the construction of two single family homes will generate additional tax revenue for the City and will place the property back on the City's tax rolls thus relieving the City of continued maintenance costs.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve the resolution and to authorize both the Mayor and the Clerk to sign said resolution and deed.

COMMITTEE RECOMMENDATION: The Land Reutilization Committee recommended approval of the sale at their regular meeting of August 22, 2006.

E. **Policy Change to "Policy for Sale of City-Owned Residential Property".** PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve the changes to the "Policy for Sale of City-Owned Residential Property" as follows: Page 2 item 7 – This is to increase the Home Design Credit from $2,500 to $3,500 and to place a time limit as to when it can be collected. Page 3 "Process for Purchasing Land" to change the name of the brochure to Purchase of City Owned Buildable Lots & Building Incentives. Page 4 "Title Evidence/Insurance" to correct a misspelled word from "spit" to "split".

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve the resolution and to authorize both the Mayor and the Clerk to sign said resolution.

COMMITTEE RECOMMENDATION: The Land Reutilization Committee recommended approval of the policy change at their regular meeting of August 22, 2006.

F. **Rejection of all Bids for Roof Replacement.** PUBLIC WORKS

SUMMARY OF REQUEST: We are asking the Commission to reject all bids submitted for the replacement of the shop area roof at the Public Service Building. Each of the 3 bids taken exceeded the budgeted amount set aside for this project. We will re-bid with modified specifications which are expected to lower the expected bids to within the budgeted amount.

FINANCIAL IMPACT: $50,000 was budgeted in the Public Service Building Fund for shop roof replacement in 2006. All three bids were well over $100,000 each.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Reject all bids. This project will be re-bid.

G. **Expense for Stormwater Phase II Compliance 2007-2009.** PUBLIC WORKS

SUMMARY OF REQUEST: The Muskegon Area Storm Water Committee is asking for a commitment to Muskegon's share of the 2007-2009 Stormwater Phase II compliance program. Our total expense would be $31,571 payable at $10,524 for each year 2007-2009. This is to pay for professional services by our consultant, FTC&H to continue development of required plans for this consortium of municipalities. This is a 3% increase over the current year's amount, $9,917.

FINANCIAL IMPACT: This increase has been allocated under the Stormwater Management Budget of the General Fund for 2007.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve this commitment.

H. **Approval of Contractor for Rehabilitation of House at 451 East Isabella.** COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: To approve the contract with Lewis E. Johnson Construction, 16076 Bonita Court, Grand Haven, MI for the completion of the rehabilitation of 451 E. Isabella, for the cost of $58,900. After the total rehabilitation is completed, the home will be sold to a qualified first-time homebuyer, continuing the City's aggressive neighborhood revitalization efforts in the Angel neighborhood area under the Operation: Like a "Good Neighbor".

The City received four additional bids:

- Obenauf DePender Construction LLC, 4471 Thompkins Trail, Muskegon, MI for $68,578
- J2 Development & Construction, 109 West Laketon Avenue, Muskegon, MI for $75,010
- Higdon Builders Inc, 11180 East D Avenue, Richland, MI for $78,350
- Beattie Bros. Construction LLC, 2786 Holton-Whitehall Road, Twin Lake, MI for $104,995

FINANCIAL IMPACT: The funding for the project will be taken from the City's 2006-2007 HOME funds.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve the Community and Neighborhood Services office to develop a contract with Lewis E. Johnson Construction of Grand Haven, Michigan, and direct the Mayor and Clerk to sign the contract.

I. **Lead Based Paint Abatement at 451 East Isabella.** COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: To approve the contract with Abatement Specialties Group Inc, 11180 East D Avenue, Richland, MI for the lead base paint abatement of the city-owned home at 451 E. Isabella for the cost of $32,650. The City received one additional bid from Statewide Abatement, 1720 Creston, North Muskegon, MI for $33,190. After the lead base paint abatement is complete, the structure will be totally rehabilitated and then sold to a qualified low to moderate income homebuyer.

FINANCIAL IMPACT: Cost of the abatement will be allocated from the 2006-2007 HOME budget.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve Community and Neighborhood Services office to develop a contract with Abatement Specialties Group Inc. of Richland, MI, and direct the Mayor and Clerk to sign the contract.

J. **Approval of Contractor for Rehabilitation of House at 214 Myrtle.** COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: To approve the contract with Success Enterprise, 2722 East Broadway, Muskegon, MI for the completion of the rehabilitation located at 214 Myrtle for the cost of $65,505. This property is located near the City's current Infill Development Project "Walton Street Renaissance". After the total rehabilitation is completed, the home will be sold to a qualified first-time homebuyer, continuing the City's aggressive neighborhood revitalization efforts in the Angel neighborhood area under the Operation: "Market View Alley".

The City received five additional bids:

- Obenauf DePender Construction LLC, 4471 Thompkins Trail, Muskegon, MI for $77,060
- J2 Development & Construction, 109 West Laketon Avenue, Muskegon, MI for $94,120
- Holden Construction, 601 Amity, Muskegon, MI for $95,045
- Higdon Builders Inc., 11180 East D Avenue, Richland, MI for $103,500
- Beattie Bros. Construction LLC, 2786 Holton-Whitehall Road, Twin Lake, MI for $140,430

FINANCIAL IMPACT: The funding for the project will be taken from the City's 2006-2007 HOME funds.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve the Community and Neighborhood Services office to develop a contract with Success Enterprises and direct the Mayor and Clerk to sign the contract.

K. **Lead Based Paint Abatement at 214 Myrtle.** COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: To approve the contract with Success Enterprise, 2722 East Broadway, Muskegon, MI for the lead base paint abatement of the city-owned home at 214 Myrtle for the cost of $40,950.

The City received one additional bid from Abatement Specialties, 11180 East D Avenue, Richland, MI for $45,700. After the lead base paint abatement is complete, the structure will be totally rehabilitated and then sold to a qualified low to moderate income homebuyer.

FINANCIAL IMPACT: Cost of the abatement will be allocated from the 2006-2007 HOME budget.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve Community and Neighborhood Services office to develop a contract with Success Enterprises of Muskegon, and direct the Mayor and Clerk to sign the contract.

L. **<u>Defined Contribution Retirement Plan for New Hires (Police Patrol).</u>** FINANCE

SUMMARY OF REQUEST: Through negotiation/arbitration with the Police Patrol Union, new employees hired after July 28, 2006, will be covered under a defined contribution pension program. In addition, current employees may also join the Defined Contribution plan on an elective basis during a window period. The new Defined Contribution plan calls for a city contribution of 10% and an employee contribution of 6% of wages.

Documents for this plan are the same as for the previous plan set-ups for Clerical, Fire, Non-union and 517M employees. Staff is requesting authorization to have the Mayor, Clerk and other required city officials sign the necessary documents to implement the new Defined Contribution plan for police patrol.

FINANCIAL IMPACT: Moving to a defined contribution plan will help stabilize and better define the city's annual pension costs.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Approval

Motion by Commissioner Carter, second by Commissioner Spataro to approve the consent agenda as read.

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

Nays: None

MOTION PASSES

2006-75 PUBLIC HEARINGS:

A. **<u>Request to Issue an Obsolete Property Certificate – 1133 Third Street.</u>** PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Pursuant to Public Act 146 of the Michigan Public Acts of 2000, DAT Holdings LLC, 16012 Baird Drive, Spring Lake, MI has requested the issuance of an Obsolete Property Certificate for the property located at 1133 Third Street, Muskegon, MI. Total capital investment for this project is $175,000. The project consists of converting the building into a restaurant. Because of the amount of investment, the applicant is eligible for a 9 year certificate.

FINANCIAL IMPACT: If an Obsolete Property Certificate is issued, the property taxes would be frozen for the duration of the certificate.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval.

The Public Hearing opened at 5:49 p.m. to hear and consider any comments from the public. No public comments were heard.

Motion by Commissioner Carter, second by Commissioner Shepherd to close the Public Hearing at 5:52 p.m. and approve the request to issue an Obsolete Property Certificate for 1133 Third Street.

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

Nays: None

MOTION PASSES

B. Spreading of the Special Assessment Roll for Benton Avenue and Williams Street, Chestnut to Catawba. ENGINEERING

SUMMARY OF REQUEST: To hold a public hearing on the spreading of the special assessment for Benton & Williams Street from Chestnut to Catawba, and to adopt the resolution confirming the special assessment roll.

FINANCIAL IMPACT: A total of $32,272.55 would be spread against the sixteen parcels abutting the project.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To approve the special assessment roll, and adopt the resolution.

The Public Hearing opened at 5:53 p.m. to hear and consider any comments from the public. No public comments were heard.

Motion by Vice Mayor Gawron, second by Commissioner Carter to close the Public Hearing at 5:55 p.m. and spread the special assessment roll for Benton and Williams from Chestnut to Catawba.

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

Nays: None

MOTION PASSES

C. Spreading of the Special Assessment Roll for Park Street, Laketon to Southern. ENGINEERING

SUMMARY OF REQUEST: To hold a public hearing on the spreading of the special assessment for Park Street from Laketon to Southern, and to adopt the resolution confirming the special assessment roll.

FINANCIAL IMPACT: A total of $78,723.20 would be spread against the 33 parcels abutting the project.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To approve the special assessment roll, and adopt the resolution.

The Public Hearing opened at 5:56 p.m. to hear and consider any comments from the public. No public comments were heard.

Motion by Commissioner Carter, second by Commissioner Spataro to close the Public Hearing at 5:57 p.m. and approve the spreading of the special assessment roll for Park Street, Laketon to Southern.

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

Nays: None

MOTION PASSES

D. <u>2007 Budget Adoption.</u> FINANCE

SUMMARY OF REQUEST: This is the time set for a public hearing on the City's proposed budget for the year 2007. The proposed budget has been made available for public inspection at City Hall, Hackley Public Library and the City's website. After hearing public comments, the City Commission may take action to adopt the 2007 budget with whatever changes or adjustments it deems necessary. In any event, City Charter requires the budget be adopted no later than September 25, 2006.

FINANCIAL IMPACT: The budget sets forth the priorities and overall financial plan for operations in the year 2007. As proposed, the budget includes no property tax increase.

BUDGET ACTION REQUIRED: Adoption of the budget resolution provides the legal appropriation authority necessary for City departments to conduct operations in 2007.

STAFF RECOMMENDATION: After receiving comments, close the public hearing and approve the proposed 2007 City of Muskegon Budget resolution. Also, approval of the 3rd Quarter 2006 Budget Reforecast as shown in the Budget Book is recommended at this time.

The Public Hearing opened at 5:58 p.m. to hear and consider any comments from the public. No public comments were heard.

Motion by Commissioner Carter, second by Commissioner Shepherd to close the Public Hearing at 5:59 p.m. and approve the proposed 2007 Budget and the 3rd

Quarter 2006 Budget Reforecast.

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

Nays: None

MOTION PASSES

2006-76 NEW BUSINESS:

A. <u>Set Public Hearing for Amendment to Brownfield Plan – Redevelopment of the Century Club & Daniels and Redevelopment of Muskegon Savings Bank.</u> PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve the resolution setting a public hearing for an amendment for the Brownfield Plan, and notifying taxing jurisdictions of the Brownfield Plan Amendment including the opportunity to express their views and recommendations regarding the proposed amendment at the public hearing. The amendment is for the inclusion of property owned by Western Avenue Properties, LLC and Port City Construction & Development Services, LLC, known as Western Avenue Properties, located at 350, 356, 360-366 W. Western, in the Brownfield Plan.

FINANCIAL IMPACT: There is no direct financial impact in including the project in the Brownfield Plan, although the redevelopment of the site into residential condominiums will eventually add to the tax base in Muskegon.

BUDGET ACTION REQUIRED: None

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

COMMITTEE RECOMMENDATION: The Brownfield Redevelopment Authority met on September 5, 2006 and approved the Brownfield Plan Amendment and recommends the approval of the Brownfield Plan Amendment to the Muskegon City Commission. In addition, the Brownfield Redevelopment Authority recommends that the Muskegon City Commission set a public hearing on the Plan Amendment for October 10, 2006.

Motion by Commissioner Spataro, second by Commissioner Carter to set the Public Hearing for the Amendment to the Brownfield Plan for the redevelopment of the Century Club and Daniels and the Muskegon Savings Bank for October 10, 2006.

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

Nays: None

MOTION PASSES

B. <u>Set Public Hearing for Amendment to Brownfield Plan – Vida Nova at Edison Landing.</u> PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve the resolution setting a public hearing for an amendment for the Brownfield Plan, and notifying taxing jurisdictions of the Brownfield Plan Amendment including the opportunity to express their views and recommendations regarding the proposed amendment at the public hearing. The amendment is for the inclusion of property owned by DDLH, LLC, known as Vida Nova at Edison Landing, located at 160 & 190 Viridian Drive, in the Brownfield Plan.

FINANCIAL IMPACT: There is no direct financial impact in including the project in the Brownfield Plan, although the redevelopment of the site into residential condominiums will eventually add to the tax base in Muskegon.

BUDGET ACTION REQUIRED: None

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

COMMITTEE RECOMMENDATION: The Brownfield Redevelopment Authority met on September 5, 2006, and approved the Brownfield Plan Amendment and recommends the approval of the Brownfield Plan Amendment to the Muskegon City Commission. In addition, the Brownfield Redevelopment Authority recommends that the Muskegon City Commission set a public hearing on the Plan Amendment for October 10, 2006.

Motion by Vice Mayor Gawron, second by Commissioner Spataro to approve the resolution setting the Public Hearing for the amendment to the Brownfield Plan for Vida Nova at Edison Landing for October 10, 2006.

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

Nays: None

MOTION PASSES

C. <u>Extension of Contract to Market Seaway Industrial Park.</u> PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: In 2004, C & A Commercial Real Estate was selected as the company to market Seaway Industrial Park properties, as well as one property located on Getty Street. A nine-month real estate agreement was originally signed by the Mayor, with a six-month extension signed by the City Manager in December 2004. City Commission granted C & A Commercial Real Estate another six-month extension in August 2005 and again in February 2006. Staff feels that Commission should review the performance of C & A Commercial Real Estate in order to determine if there should be another extension of the agreement for a six-month time period.

FINANCIAL IMPACT: The continued timely sale and development of these properties will bring more jobs to Muskegon in the near future, thus additional income tax being generated.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: No staff recommendation.

Motion by Commissioner Carter, second by Commissioner Shepherd to give an extension of the contract to market Seaway Industrial Park to C & A Commercial Real Estate for a six-month time period.

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

Nays: None

MOTION PASSES

D. <u>Extension of Tool & Die Recovery Zone Status for Northern Machine Tool.</u> PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve the Resolution extending the Tool & Die Recovery Zone for Northern Machine Tool. The City originally granted 15 years but other municipalities only granted 12 years for other companies in the Coalition, making Northern Machine Tool only eligible for 12 years. The law has since been amended, allowing differing lengths of time for different companies in the coalition. Northern Machine Tool is now requesting an extension to take advantage of the full 15 years.

FINANCIAL IMPACT: The original estimates were that the City will forego approximately $7,300 per year for a total of approximately $109,545 in taxes for the 15-year period of the zone.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve the Resolution extending the Tool & Die Recovery Zone for Northern Machine Tool, and authorize the Mayor and Clerk to sign.

Motion by Commissioner Spataro, second by Commissioner Wierengo to approve the resolution extending the Tool & Die Recovery Zone for Northern Machine Tool.

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

Nays: None

MOTION PASSES

E. <u>Fire Station Construction Contract.</u> CITY MANAGER

SUMMARY OF REQUEST: To award a contract for the construction of a new central fire station at the corner of Terrace Street and Western Avenue. A recommendation will be made at the commission meeting after the bids can be analyzed.

FINANCIAL IMPACT: Approximately $3.5 million.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff will recommend the lowest responsible bidder at the meeting on Tuesday.

Motion by Commissioner Spataro, second by Vice Mayor Gawron to award the contract for the new fire station to Beckering Advisor Inc. with alternate #1.

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

Nays: None

MOTION PASSES

ANY OTHER BUSINESS: Commission discussed various items.

ADJOURNMENT: The City Commission Meeting adjourned at 6:50 p.m.

Respectfully submitted,

Linda Potter, CMC
Acting City Clerk