

City of Muskegon
City Commission Worksession
September 9, 2013
City Commission Chambers
5:30 PM

MINUTES

2013-74

Present: Commissioners Markowski (arrived 5:37 p.m.), Gawron, Hood, Wierengo, Turnquist, and Spataro.

Absent: Commissioner German.

Demolition at the Melching Site.

Ken Callow, Project Engineer, made a presentation to implode the power plant and smoke stacks on the Melching property (formerly known as Sappi).

The proposal is to complete the demolition in two phases. The power plant is targeted for demolition on October 27th from 7:30 a.m. to 10:30 a.m. The smoke stacks will be scheduled after clean-up and approvals from the State have been received.

This item will be placed on the September 24, 2013 Commission Meeting for consideration.

Revised Ground Lease – 1601 Beach, LLC

This is a request to consider a revised ground lease with 1601 Beach, LLC. This would allow the construction of additional parking adjacent to the existing parking lot.

Staff recommends to approve the revised ground lease and to authorize the Mayor and Clerk to execute it.

This item will be placed on the September 10, 2013 Commission Meeting for consideration.

Smartzone Proposal.

Muskegon Lakefront, LLC is offering the following:

1. Pay \$25,000 in taxes each year for the next two years (as if buildings had been built on two units as required in the current agreement).
2. If tribal recognition has not been received and construction on the casino development has not been started after two years, the Smartzone property currently in our ownership will be conveyed to the City or they will pay the City \$500,000 in one lump sum.
3. If tribal recognition has been received and construction has been started within two years, the City will waive the \$500,000 payment and no conveyance will occur.

City Manager Bryon Mazade explained the alternative if the proposal is not accepted. It includes placing the special assessment on the properties – an amount just under \$500,000. The City could also take the property back through litigation.

Vice Mayor questioned how the City will know the bill will be paid. Can a surety bond be requested, escrow, etc.?

Direction of staff is to produce an agreement based on this proposal with concerns enumerated in the meeting and to provide assurances. The steps include placing a special assessment on properties that will be placed on the taxes as a lien on the property. The agreement needs to include some assurances that the City will actually receive the money and assure the ability to actually convey the property to the City.

The proposed agreement will be forwarded to City Commission for their consideration.

Adjournment.

Motion by Commissioner Hood, seconded by Commissioner Spataro to adjourn at 6:43 p.m.

MOTION PASSES

**Ann Marie Cummings, MMC
City Clerk**