CITY OF MUSKEGON

CITY COMMISSION MEETING

AUGUST 27, 2019 @ 5:30 P.M.

MUSKEGON CITY COMMISSION CHAMBERS

933 TERRACE STREET, MUSKEGON, MI 49440

MINUTES

The Regular Commission Meeting of the City of Muskegon was held at City Hall, 933 Terrace Street, Muskegon, MI at 5:30 p.m., Tuesday, August 27, 2019, Pastor Darrin Longmire, Forest Park Covenant Church, opened the meeting with prayer, after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

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

2019-66 CONSENT AGENDA:

A. Approval of Minutes City Clerk

SUMMARY OF REQUEST: To approve the minutes of the August 12, 2019 Worksession meeting and the August 13, 2019 Regular Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

C. 1531 Beidler Street Sale City Manager

SUMMARY OF REQUEST: City Staff is requesting approval of the Quit Claim Deed to sell 1531 Beidler to Alfredo Fajardo Godoy for $1.00. This property was acquired via tax reversion. Subsequent staff analysis determined that the time commitment to the property's renovation exceeded the city's abilities, and staff began to prep the structure for demolition. Mr. Godoy is a renter in the area and inquired about rehabilitating the property into an owner-occupied home for his family. He has met with SAFEbuilt on site and they have a tentative plan for renovation that includes immediately replacing the roof, installing new internal structural supports, and completing exterior landscaping. The remainder of the renovation will take 6-9 months. Staff recommends providing Mr. Godoy the opportunity to purchase and save the structure.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To authorize the Mayor and Clerk to sign the Quit Claim Deed.

E. <u>Approval of a Neighborhood Enterprise Zone Certificate – 301 Terrace Point</u> Planning & Economic Development

SUMMARY OF REQUEST: An application for a Neighborhood Enterprise Zone certificate has been received from John Spruit for the new construction of a home at 301 Terrace Point. The estimated cost for construction is $414,636. The applicant has met local and state requirements for the issuance of the NEZ certificate.

FINANCIAL IMPACT: Taxation will be applied as one-half of the previous years state average principal residence millage rate to the value of the facility.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the NEZ Certificate.

F. <u>Zoning Ordinance Amendment – Critical Dunes</u> Planning & Economic Development

SUMMARY OF REQUEST: Staff initiated request to amend section 2310 of the zoning ordinance to make minor changes to the critical dune ordinance.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the zoning ordinance amendment.

COMMITTEE RECOMMENDATION: The Planning Commission unanimously recommended approval of the request at their August 15, 2019 meeting.

H. <u>Certification of MERS Representatives</u> Finance

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

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

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

FINANCIAL IMPACT: Registration for the MERS conference in Traverse City, MI is $175 per person. Additionally, mileage, hotel and related costs will be incurred.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Certification of Kenneth Grant and Steve Waltz to be the City's officer and employee delegates at the MERS annual meeting in Grand Rapids on October 4 and 5, 2019.

I. Transformer Replacement – Harvey Station DPW – Filtration

SUMMARY OF REQUEST: Authorize staff to enter into an agreement with Newkirk Electric to replace 500 KVA transformer at Harvey Station since they submitted the lowest responsible bid of $18, 125.

Three bids were submitted for this project.

Newkirk Electric	$18,125.00
Wirtz Electric	$19,950.00
Windemuller	$23,520.00

FINANCIAL IMPACT: $18,125.00

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Authorize staff to enter into an agreement with Newkirk Electric for a cost of $18,125.

J. Relocating Power pole to Harvey Station DPW – Filtration

SUMMARY OF REQUEST: Authorize staff to enter into an agreement with Wirtz Electric to remove power pole from Filtration Plant and relocate to Harvey Station since they submitted the lowest responsible bid of $11,450.

Two bids were submitted for this project.

Newkirk Electric	$12,430.00
Wirtz Electric	$11,450.00

FINANCIAL IMPACT: $11,450.00

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Authorize staff to enter into an agreement with Wirtz Electric for a cost of $11,450.

K. MTU PLC Programming Services DPW – Filtration

SUMMARY OF REQUEST: Authorize staff to enter into a professional services agreement with MTU PLC Programming Services at Water Filtration Plant with

Tetra Tech per their proposal for $16,000.

Tetra Tech is being recommended since they were the engineer for the control systems upgrades project and their familiarity with the filtration plant.

FINANCIAL IMPACT: $16,000.00

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Authorize staff to enter into an agreement with Tetra Tech for a cost of $16,000.

L. <u>Fleet Vehicle Replacement – Chevy Traverse</u> DPW – Equipment

SUMMARY OF REQUEST: The Equipment Division is requesting permission to purchase one (1) Chevy Traverse coming from Berger Chevrolet off the Oakland County Contract, the lowest available price. The price of this vehicle is $30,396.00 coming from the Equipment Division Budget.

FINANCIAL IMPACT: $30,396.00

BUDGET ACTION REQUIRED: None. Amount is what was budgeted.

STAFF RECOMMENDATION: Authorize staff to purchase one (1) Chevy Traverse from Berger Chevrolet.

M. <u>Fleet Vehicle Replacement – Chevy Impala</u> DPW – Equipment

SUMMARY OF REQUEST: The Equipment Division is requesting permission to purchase one (1) Chevy Impala coming from Berger Chevrolet off the Oakland County Contract, the lowest available price. The price of this vehicle is $22,843.00 coming from the Equipment Division Budget.

FINANCIAL IMPACT: $22,843.00

BUDGET ACTION REQUIRED: None. Amount is what was budgeted.

STAFF RECOMMENDATION: Authorize staff to purchase one (1) Chevy Impala from Berger Chevrolet.

Motion by Commissioner Rinsema-Sybenga, second by Vice Mayor Hood, to approve the consent agenda as presented, except items B, D, G, and N.

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

Nays: None

MOTION PASSES

2019-67 ITEMS REMOVED FROM CONSENT AGENDA:

B. <u>Cooperation Agreement – Disability Network West Michigan</u> City Manager

SUMMARY OF REQUEST: City staff is requesting approval of the service proposal from Disability Network West Michigan. The proposal will allow Disability Network to assist the city with an accessibility audit, as well as technical assistance during the design process on various city/community projects.

FINANCIAL IMPACT: $7,500

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To authorize the City Manager to accept the proposal and sign the contract.

Motion by Commissioner Warren, second by Commissioner German, to authorize the City Manager to accept the proposal and sign the contract.

ROLL VOTE: Ayes: Johnson, Gawron, Hood, Warren, German, Rinsema-Sybenga, and Turnquist.

Nays: None

MOTION PASSES

D. <u>Opportunity Zone Incentive Program</u> Economic Development

SUMMARY OF REQUEST: The City of Muskegon is fortunate to have its entire downtown corridor within an Opportunity Zone. The Economic Development Department is recommending additional localized, Commission reviewed incentives in order to encourage large scale investment in this competitive market.

FINANCIAL IMPACT: None at this time, all incentives would be paid out 15 years after the eligible Opportunity Zone Investment.

Funds would be allocated and reserved based on new income tax created and property tax collection increases as a result of opportunity fund investments, such as new apartment/housing buildings or businesses.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To authorize the incentive package as presented.

Motion by Commissioner German, second by Commissioner Johnson, to authorize the City Manager to accept the proposal and sign the contract.

ROLL VOTE: Ayes: Rinsema-Sybenga, Turnquist, Johnson, Gawron, Hood, and Warren

Nays: German

MOTION PASSES

G. <u>Amendment to PILOT – Gencap 1021 Jefferson Limited Dividend Housing Association, LLC</u> Planning & Economic Development

SUMMARY OF REQUEST: The City Commission approved a Payment in Lieu of

Taxes (PILOT) for Gencap 1021 Jefferson Limited Dividend Housing Association, LLC on February 26, 2019. The development will include 73 residential units and 2,300 square feet of commercial space. There will be 55 one-bedroom units and 18 two-bedroom units. Ten units will be at 30% AMI, nine units will be at 40% AMI, 11 units will be low-income disability units, 14 units will be at 60% AMI and 29 units will be at 80% AMI. A service charge of 4% will be imposed, as well as a municipal services fee of 2%. As directed by the Michigan State Housing Development Authority (MSHDA), the developer is requesting a few minor changes to the agreement that reiterates that the development will be for low income persons and families, not seniors.

FINANCIAL IMPACT: Although the PILOT for project will be less than the taxes captured for a similar market-rage project, the situation with this particular property is that the contribution towards the City will be greater to the City with the development under a PILOT than it is a vacant lot. In addition, taxes would apply to the commercial square footage within the building.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the revised "Contract for Housing Exemption."

Motion by Commissioner German, second by Commissioner Warren, to approve the revised "Contract for Housing Exemption".

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

Nays: None

MOTION PASSES

N. <u>Notice of Intent to Bond Resolution for Scattered Housing Development</u>
Finance

SUMMARY OF REQUEST: The Notice of Intent is the first step in the bonding process. This resolution authorizes the publication of the Notice of Intent to bond for the purpose of acquisition and construction of residential housing units in the City for economic development purposes. The total project shall not exceed $3,000,000.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the Resolution of Intent.

Motion by Commissioner Johnson, second by Commissioner Rinsema-Sybenga, to approve the resolution of intent.

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

Nays: None

MOTION PASSES

2019-68 PUBLIC HEARINGS:

A. <u>Public Hearing - Request to Establish an Obsolete Property District – 1208 8th Street</u> Planning & Economic Development

SUMMARY OF REQUEST: Pursuant to Public Act 146 of the Michigan Public Acts of 2000, Core Development Corp, LLC has requested the establishment of an Obsolete Property District for their property at 1208 8th Street. The establishment of the Obsolete Property District would allow them to apply for an Obsolete Property Rehabilitation Exemption Certificate.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval of the creation of the district.

PUBLIC HEARING COMMENCED: No public comments were received.

Motion by Commissioner Warren, second by Commissioner Johnson, to close the public hearing and approve creation of the district.

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

Nays: None

MOTION PASSES

B. <u>Public Hearing - Request to Issue an Obsolete Property Certificate – Core Development Corp, LLC</u> Planning & Economic Development

SUMMARY OF REQUEST: Pursuant to Public Act 146 of the Michigan Public Acts of 2000, Core Development Corp, LLC has requested the issuance of an Obsolete Property Certificate for their property located at 1208 8th Street. Total capital investment for this project is estimated to be $550,000, which qualifies them for the full 12-year abatement.

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

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Staff recommends approval of the Obsolete Property Rehabilitation Exemption Certificate.

PUBLIC HEARING COMMENCED: No public comments were received.

Motion by Commissioner Warren, second by Commissioner Johnson, to close

the public hearing and approve creation of the district.

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

Nays: None

MOTION PASSES

PUBLIC HEARING COMMENCED: Michael Haueisen, 903 Turner, stated support of the project.

Motion by Vice Mayor Hood, second by Commissioner Rinsema-Sybenga, to close the public hearing and approve issue the Obsolete Property Rehabilitation Exemption Certificate.

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

Nays: None

MOTION PASSES

2019-69 NEW BUSINESS:

A. <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 an alternate.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval

Motion by Commissioner Johnson, second by Commissioner German, to designate Mayor Stephen J. Gawron as delegate, and Vice Mayor Eric Hood as alternate as official representative to cast the vote of the municipality at the Annual Meeting.

ROLL VOTE: Ayes: Warren, German, Rinsema-Sybenga, Turnquist, Johnson, Gawron, and Hood.

Nays: None

MOTION PASSES

B. <u>Request to Create a New Neighborhood Enterprise Zone District at 292 W Western Avenue</u> Planning & Economic Development

SUMMARY OF REQUEST: Pursuant to Public Act 147 of the Michigan Public Acts of 1992, Sweetwater Development, LLC has requested to create a new Neighborhood Enterprise Zone (NEZ) district for the parcel at 292 W. Western Avenue. Properties located in this NEZ district will be eligible to apply for NEZ Certificates, which will lower the residential property taxes on new construction. Notice letters were sent to the taxing jurisdictions on June 11, 2019 and a public hearing was held on June 25, 2019. State law requires that the resolution must be adopted at least 60 days after the notice letters were sent.

FINANCIAL IMPACT: No financial impact at this point. However, being in a district will allow them to apply for a rehab NEZ certificate, which will lower the residential property taxes for 1 to 15 years.

BUDGET ACTION REQURIED: None

STAFF RECOMMENDATION: Staff recommends approval of the new NEZ district.

Motion by Commissioner Johnson, second by Commissioner Rinsema-Sybenga, to approve the new Neighborhood Enterprise Zone District at 292 W. Western.

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

Nays: None

MOTION PASSES

C. <u>Approval of a Neighborhood Enterprise Zone Certificate – 292 W. Western</u>
Planning & Economic Development

SUMMARY OF REQUEST: An application for a Neighborhood Enterprise Zone Certificate has been received from Sweetwater Development, LLC for the construction of 18 market-rate apartments as part of a mixed-use development project. The estimated project cost is $222,975 per unit. The applicant has met local and state requirements for the issuance of the NEZ certificate. They have requested the maximum 15 years for the exemption.

FINANCIAL IMPACT: One-half of the previous year's state average principal residence millage rate will be applied to the value of the facility for a duration of 15 years, with a three-year phase out (they will receive 75% of the abatement in year 13, 50% in year 15 and 25% in year 15).

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the NEZ certificate for 15 years.

Motion by Commissioner Johnson, second by Commissioner Rinsema-Sybenga, to approve the new Neighborhood Enterprise Zone Certificate at 292 W. Western.

ROLL VOTE: Ayes: Rinsema-Sybenga, Turnquist, Johnson, Gawron, hood, Warren, and German.

Nays: None

MOTION PASSES

D. <u>Updates to MERS Defined Benefit Plan Adoption Agreements</u> Finance

SUMMARY OF REQUEST: After an audit conducted by MERS of our payroll system, it was discovered that we need to update our agreements for changes made per union agreements, compensation included in MERS wages and hours included in calculating Final Average Compensation that weren't included in current agreements.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approve the updates to our MERS Defined Benefit Agreements.

Motion by Commissioner Rinsema-Sybenga, second by Commissioner Warren, to approve the updates to our MERS Defined Benefit Agreements.

ROLL VOTE: Ayes: Turnquist, Johnson, Gawron, hood, Warren, German, and Rinsema-Sybenga

Nays: None

MOTION PASSES

E. <u>Revised City Commission Rules and Procedures</u> Office of the Mayor

SUMMARY OF REQUEST: To adopt revisions to the City Commission Rules and Procedures discussed at the Legislative Policy Committee meeting held July 31, 2019.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

RECOMMENDATION: To adopt the revised City Commission Rules and Procedures as discussed.

Motion by Commissioner Johnson, second by Commissioner German, to further revise the City Commissioner Rules and Procedures by adding that the City Clerk will provide the Worksession Audio file to all City Commissioners after each Worksession meeting as well as retain the file for two years, changing L. 5. to read all purchases over $15,000, removing L. 6., revising L. 9. to be for agreements extending beyond one year or in excess of $15,000.

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

Nays: None

MOTION PASSES

Motion by Commissioner Johnson, second by Commissioner Rinsema-Sybenga, to adopt the revised City Commission Rules and Procedures as discussed at the Legislative Policy meeting on July 31, 2019 and as revised by the previous motion.

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

Nays: None

MOTION PASSES

ANY OTHER BUSINESS: Chief Lewis provided an update regarding on-going matters in the City.

PUBLIC PARTICIPATION: Public Comments were received.

ADJOURNMENT: The City Commission Meeting adjourned at 8:12 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC – City Clerk