

CITY OF MUSKEGON
CITY COMMISSION WORKSESSION

Monday, August 13, 2018
5:30 p.m.
City Commission Chambers

Minutes

2018-57

Present: Johnson, Hood, Turnquist, Gawron, Warren, Rinsema-Sybenga and German.

Absent: None

Purchase Agreement – 880 First Street

Summary of Request: City Staff is seeking permission to enter into a purchase agreement with Core Development for 880 First Street. This building was acquired by the City of Muskegon in 2015. The \$425,000 purchase price will reimburse the City's Public Improvement Fund most of the \$500,000 invested in the property to date. The remainder of the investment will be recovered in the initial years of the completion of the development as a result of income tax revenues. The property is located in the Downtown Development Authority, and any incremental property tax growth will benefit that component unit of the City's budget.

This item will be on the August 14, 2018 City Commission meeting for consideration.

1000 West Western Avenue Sale and Development Agreement

Summary of Request: The City Commission accepted a \$249,000 purchase offer from Smith Equities in 2016. After a lengthy due diligence period, the parties entered into a letter of intent that would help guide the development of a purchase agreement. The purchase agreement is in final draft form, and the terms are agreeable to both Smith equities and City Staff.

The purchase Agreement outlines the purchase price as well as the development obligations of both parties. The City has a number of obligations in the development agreement, including the relocation of infrastructure- such as the bike path and the roadway to the Hartshorn Launch Ramp- and the implementation of improvements at the marina's facilities. The city's costs associated with this infrastructure will be recovered as a part of a Brownfield Reimbursement Plan. Additionally, the marina amenity improvements will result in increased revenue from both the new condominium association and the marina slip holders. It is anticipated that the initial phase of the development will result in approximately \$170,000 in new property tax revenue annually, which will be captured as part of the Brownfield Plan and used to reimburse the City's expenses. Additional phases of the development will likely result in significantly more property tax revenue. It is also anticipated that the initial phase of the development will result in \$40,000- \$60,000 in new local Income tax revenues.

The proceeds from the initial land sale will benefit the City's Public Improvement Fund.

This item will be on the August 14, 2018 City Commission meeting for consideration.

Rad Dad's Management Agreement

Summary of Request: City staff is requested approval of the lease agreement and corresponding management agreement for the operations of Rad Dad's Tacos and Tequila in the LC Walker Arena.

This item will be on the August 14, 2018 City Commission meeting for consideration.

Sale of City Owned Property at 1870 Huizenga Street & 1080 E Holbrook

Summary of Request: Newkirk Electric, located at 1875 Roberts, has requested to purchase the two vacant, industrially- zoned properties to expand their outdoor storage area. They are offering \$30,000 and to split the closing costs. 1870 Huizenga is considered a buildable lot. But 1080 E. Holbrook is not large enough to be considered buildable. Staff is requesting permission to enter into a purchase agreement with the applicant.

This item will be on the August 14, 2018 City Commission meeting for consideration.

Sale of City Owned Property in the Seaway Industrial Park

Summary of Request: MTC Enterprises of Michigan, Inc. has requested to purchase lots 1 and 2 in the Seaway Industrial Park. They are offering \$300,000 total for both lots and are proposing to construct a provisioning center on one parcel and either a cultivation building or processing center on the other parcel. The offer is contingent upon unencumbered title and their ability to obtain State and local licensing within 120 days of acceptance of the proposal. If they need additional time to obtain licensing and all necessary approvals, they will agree to pay the City \$3,000 per month non-refundable but credited towards the purchase price at closing. Staff is requesting permission to enter into a purchase agreement with the applicant.

This item will be on the August 14, 2018 City Commission meeting for consideration.

Annex Lease

Summary of request: The City entered into a lease with ImaJam, Inc. 2015. ImaJam planned to operate a sports training facility on the site. The owner has been unsuccessful in his attempts to do so. Both parties feel that it is in the best interest of the community to terminate the lease and allow the city to find a new operator for the site. As part of the lease termination, the City will maintain the existing lease with Mercy Health, Inc., which has three years remaining on the initial term and one additional 5-year extension. Additionally, the City will take ownership of the personal property located on site as well as the related financial obligations associated with that personal property. City staff has been working with local investor that has a strong interest in stepping in to operate the facility; an agreement should be ready for Commission consideration in the next 60 days.

This item will be on the August 14, 2018 City Commission meeting for consideration.

The Work session Meeting adjourned at 7:48 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC-City Clerk