

City of Muskegon

Work Session

Minutes

July 10, 2023, 5:30 pm

Muskegon City Hall

933 Terrace Street, Muskegon, MI 49440

Present: Mayor Ken Johnson
Commissioner Rachel Gorman
Commissioner Rebecca St.Clair
Commissioner Michael Ramsey
Commissioner Teresa Emory

Absent: Commissioner Eric Hood
Vice Mayor Willie German, Jr.

Staff Present: City Manager Jonathan Seyferth
City Clerk Ann Meisch
Deputy City Clerk Kimberly Young

1. Call to Order

2023-76

Mayor Johnson called the worksession meeting to order at 5:30 p.m. on Monday, July 10, 2023.

2. New Business

2.a DWRF & CWSRF Contract Summary - DPW

Staff presented the result of several bids recently received as a part of the FY23 DWRF (Drinking Water Revolving Fund) and CWSRF (Clean Water State Revolving Fund) program, including the water and sewer debt fee implications and state aid figures.

In June of 2021, DPW staff and Prein & Newhof presented many projects as part of the Project Plan updates that were submitted to EGLE upon Commission's resolution of support. After determining which of those projects were most viable, Commission then authorized design engineering contracts to prepare plans, bidding documents and other necessary program items in October of 2022. The projects for which plans and other documents were prepared for are:

- The replacement of water main, sewer and roadways in the Bluffton Neighborhood, including Wilcox, Thompson, Edgewater, Cherry, and Walnut Streets.
- The replacement of water main, sewer and roadway in Morton Avenue from Lincoln to Denmark.
- Repairs to the Harbour Towne and Edgewater lift stations (sanitary sewer pump stations).
- The replacement of approximately \$4 Million worth of lead service lines in various locations.

Prein & Newhof completed the design work and bids were received on Thursday, June 22, 2023 and Tuesday, June 27, 2023. A summary of the prices received as shown in the table.

Project	Award Price
Wilcox-Thompson	\$4,048,154.05
Morton Avenue	\$1,732,668.75
Lift Station Repairs	\$424,495.00
Lead Service Lines	\$4,467,787.86
Total Construction Cost	\$10,673,105.66
Grant & Aid Offered (>67%)	\$7,189,305.05
Cost to the City (Bonded)	\$3,483,800.61

At this time we also have a good idea of the grant and aid offered by the state to the City under the programs. The sewer projects are expected to receive 50% principal forgiveness and the water projects are expected to receive principal

forgiveness and grants totaling 75% forgiveness. The remainder of the cost will be bonded for 20 years at a well-below market rate of 1.875%

With the newly implemented water and sewer debt fees, the cost of these projects to our customers can be directly estimated at this time. The table shows the estimated debt fees that each project will require to be charged into the 2025 or 2026 fiscal year once the bond draws have reached their maximum and the fees have been adjusted to cover the payments.

Project	Water	Sewer	Total
Wilcox-Thompson	\$0.14	\$0.33	\$0.47
Morton Avenue	\$0.08	\$0.09	\$0.17
Lift Station Repairs	N/A	\$0.07	\$0.07
Lead Service Lines	\$0.34	N/A	\$0.34
Total Monthly Fee	\$0.56	\$0.49	\$1.05

The projects will have other costs that will be included in the bonds and will be eligible for the same principle forgiveness and grants, such as the construction engineering approved this past October. Those costs will be included in the bond sales in the next couple months, and complete projects costs and estimated debt service fees will be shared at that time once confirmed with the state finance office and our consultants. We expect the debt service fees will be about 10% higher than those shown here once all costs are accounted for.

The individual construction contracts are on the agenda for the July 11, 2023 meeting. This information is presented to allow the Commission to get a better view of the total impact these programs will have on our system in 2024 and on our customers over the life of the bond.

AMOUNT REQUESTED: N/A

FUND OR ACCOUNT: Water (590), Sewer (591), & Local Streets (203)

Discussion took place regarding the Drinking Water Revolving Fund & Clean Water State Revolving Fund. Four items related to the contracts will be on the agenda for consideration July 11, 2023.

2.b Muskegon Social Equity Program - Planning

Staff is seeking approval to set this year's allocations for the Muskegon Social Equity Program (MSEP)

The City received \$622,000 from marihuana excise tax payments this year and agreed to use 30% (\$186,600) towards the MSEP. Staff is proposing to keep 40% (\$74,640) allocated towards grants and 30% (\$55,980) towards education and outreach.

Staff is proposing to eliminate the funding for expungement clinics this year (expungements are scheduled through the first quarter of 2024) and allocate the remaining 30% (\$55,980) towards neighborhood association grants created from the Fair Housing settlement (\$10,000) and public infrastructure improvements (\$45,980) in the neighborhoods near the marihuana overlay district. These improvements would include things such as alley paving, tree trimming, street sign replacement, sidewalk improvements, etc.

Discussion took place regarding the proposed expenditure of the excise tax payments being used in neighborhoods where there are marihuana businesses.

2.c Update on Short-Term Rentals - City Manager

Staff is providing an update on the issue of Short-term Rentals.

As the growth of short-term rental (STR) companies, such as AirBnB, and VRBO, becomes more prevalent, many communities across the state are discussing policies that would manage the popularity of this lodging opportunity. Local units of government are seeking to establish reasonable rules and regulations that strike the delicate balance of allowing short-term vacation rentals in ways that keep all property owners in mind.

Earlier this year, the city received questions and comments from residents and business owners interested in learning more about short-term rentals and its impact in our community. A STR Community Workshop was held on May 16, 2023. The city has since created an online Short-Term Rentals link for residents to remain engaged on this topic. It includes additional information and issue updates, along with tools for the public to provide important feedback. A more detailed discussion with the commission is expected later this Fall to assess implementing new protocols around this issue.

The Community Engagement Division, Inspections Department (SafeBuilt), Public Safety, and Economic Development all presented information regarding the

impact of Short-Term Rentals. Deborah Santiago-Sweet covered the workshops that were held by the City to inform residents as well as receive feedback from residents about the current program. The inspections department (SafeBuilt) provided an overview of the process to register as a Short-Term Rental as well as how violations are addressed. Public safety reviewed the number of noise and parking complaint that have been made since 2019 and how many were at STR properties. Economic Development talked about the impact of Short-Term rentals and how it relates to the recent housing study and the impact on housing availability. An on-line portal is available for data collection and to report non-compliance issues, etc. The non-emergency number to call with concerns is 722-3524 and email address is muskegon@safebuilt.com to report addresses suspected of short or long term rentals that are not registered.

Discussion took place regarding the appetite for a moratorium. This will be addressed again at a later date. There is general support for finding a solution to some short term vs long term or short to long term rental transition, for amendments to ordinances, etc.

3. Public Comment

Public comment was received.

4. Adjournment

The Work Session meeting adjourned at 8:14 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC - City Clerk