City of Muskegon

City Commission Meeting

Minutes

June 27, 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 Eric Hood Vice Mayor Willie German, Jr. Commissioner Michael Ramsey Commissioner Teresa Emory
Staff Present:	City Manager Jonathan Seyferth City Clerk Ann Meisch City Attorney John Schrier Deputy City Clerk Kimberly Young

1. Call To Order

Mayor Johnson called the Muskegon City Commission meeting to order at 5:30 p.m.

2. Prayer

Minister Rex Griggs, Zion Baptist Church, opened the meeting with a prayer.

3. Pledge of Allegiance

The Pledge of Allegiance to the Flag was recited by the Commission and the public.

4. Roll Call

As recorded above

5. Honors, Awards, and Presentations

6. Public Comment on Agenda Items

No public comments were received.

7. Consent Agenda

Action No. 2023-70

Motion by: Commissioner St.Clair
Second by: Commissioner Ramsey

To accept the consent agenda as presented, minus item 7d, 7e, 7h, 7k.

Ayes: (7): Mayor Johnson, Commissioner Gorman, Commissioner St.Clair, Commissioner Hood, Vice Mayor German, Commissioner Ramsey, and Commissioner Emory

MOTION PASSES (7 to 0)

7.a Approval of Minutes - City Clerk

To approve the minutes of the May 23, 2023 Regular Commission Meeting.

STAFF RECOMMENDATION: To approve the minutes.

7.b Arena Concessions - Finance/Arena

Staff is seeking City Commission approval to enter into a 3-year Agreement with HCK Management to provide concession services at Trinity Health Arena.

For several years, Trinity Health Arena has outsourced its concessions to a 3rd party management team. The City of Muskegon is seeking a qualified team to provide Concession Management duties including, but not limited to: tracking sales, labor and food costs, hiring staff, cleaning concession, inventory, ordering supplies/goods, and working with arena management to continue to provide and enhance a great customer experience.

It is important that arena management is able to control all food, beverage, and expenses associated with concessions. An RFP was issued for concession management and HCK Management was the only proposal submitted. HCK Management is qualified to provide this service.

STAFF RECOMMENDATION: To award the proposal to manage concessions at Trinity Health Arena to HCK Management for a 3 year term beginning 9/1/2023 and ending 9/1/2026, subject to negotiation and a contract will be presented to the City Commission.

7.c **Rezoning of 1043 Washington Avenue - Planning**

Request to rezone the property at 1043 Washington Avenue from R-2, Medium Density Single Family Residential to Form Based Code, Neighborhood Edge, by FMA Rentals, LLC.

The existing building has 5 residential units and a commercial suite. The owner would like to convert the commercial suite to another residential unit. The FBC, Neighborhood Edge designation would allow for all residential units or a commercial suite, so it could be converted back to commercial again in the future as the market demands.

STAFF RECOMMENDATION: To approve the request to rezone the property at 1043 Washington Ave from R-2 to Form Based Code, Neighborhood Edge.

7.f **MEDC RAP 2.0 Grant - Development Services**

Staff is requesting approval of the attached resolution for inclusion with our MEDC Revitalization and Placemaking (RAP) 2.0 grant application due June 30th, 2023 and commit to funding a local match obligation of $250,000 for Hackley Park electrical upgrade project costs in future fiscal years, if the project is selected.

In September 2022, the city was awarded $6M in grant funding as part of "Round 1" of the MEDC RAP 1.0 program. MEDC is continuing the program into 2023 as RAP 2.0. The program would provide access to grant funds for gap financing of place-based infrastructure development, real estate rehabilitation and development, and public space improvements. https://www.michiganbusiness.org/rap/2/

This tool provides access to real estate and place-based infrastructure development gap financing in the form of grants of up to $5M per project for real estate rehabilitation and development, grants of up to $1M for public space place-based infrastructure per project, and grants of up to $20M to local or regional partners who develop a subgrant program.

The city's grant application seeks $3.25M to fund the following projects:

$1M in place-based infrastructure/public space funding to support the redevelopment and revitalization of the historic Hackley Square at 349 W. Webster Ave as well as Hackley Park. At this time, commitment of the $250,000 local match is an unbudgeted cost and would be accounted for in a future reforecast. A review of savings within the Public Works budget will serve to identify the funds.

$2M for the rehabilitation of the vacant Catholic Charities of West Michigan building at 1095 Third St. The City Commission approved a purchase agreement for the building and surrounding parking. As of March 2023, the city is under contract with a new developer, West Urban Properties, to construct a new mixed-use development.

AMOUNT REQUESTED: $3,250,000

AMOUNT BUDGETED: $0

FUND OR ACCOUNT: 101-901-801-923XXX

STAFF RECOMMENDATION: To approve the resolution and authorize the Clerk to sign and commit to funding a local match obligation for Hackley Park electrical upgrade project costs in future fiscal years if the project is selected.

7.g **End of Year Budget Amendment - Finance**

At this time staff is asking for approval of the End of Year Budget Amendment for FY2022-23 budget year. Staff has prepared the End of Year Budget Amendment for the 22-23 budget year, highlights of the amendments are as follows:

101 General Fund

Revenues:

101-000-438 Income Tax collections have been better than projected for the 4th Quarter. We can increase revenue from $10,750,000 to $11,000,000

101-000-482 Electric Permits revenue should go up to $210,000 from $195,000

101-000-483 Plumbing Permits revenue should be changed to $112,000 from $105,000

101-000-484 Heating Permits revenue should be changed to $157,000 from $146,000

101-000-486 Rental Property revenue should be changed to $427,000 from $400,000

101-000-696-004963 Loan Proceeds revenue is recorded for the Fire Truck loan for $761,603

101-000-684-004800 Misc.& Sundry revenue should be changed to $142,000 from $100,000.

<u>Expenditures Amendments</u>

City Commission Dept 101- Increase expenditures by $12,000 due to MML expenditures

City Promotions & Public Relations Dept 103- Increase expenditures by $38,000 due expenses created by the new Community Relations positions.

Finance Department Dept 202- Increase expenditures by $8,000 due to 8% payroll for nonunion personnel

Income Tax Dept 205- Increase expenditures by $41,000 mainly due to postage increases, salary increases and insurance payout for both Union and Non-Union.

City Clerk Dept 215- Increase expenditures by$56,000 mainly due to postage increases, salary increases and insurance payout for both Union and Non-Union.

City Treasurer Dept 253- Increase expenditures by $41,000 mainly due to postage increases, salary increases and insurance payout for both Union and Non-Union.

City Assessor Dept 257 Increase expenditures by $12,000 due to some unexpected tax appeal fees.

Insurance Services 272 – Increase expenditures by $195,000 due lawsuits and insurance claims. MMRA requires a that members have a minimum self-insured retention amount.

Police Dept 301- Increase expenditures by $291,000 due to payroll and overtime.

Fire Dept 336 - Increase expenditures by $85,000 due to payroll and overtime.

Building Dept 387- Increase expenditures by $610,000 because most of the permit fees are up significantly and Safebuilt gets a of the revenue generated from permits.

Central Fire Station 340 – Increase expenditures by $10,000 due utility costs.

Community Event Support Dept 446 - Increase expenditures by $10,000 to cover landscaping, snow plowing, and miscellaneous fees. These costs should be offset by additional revenues.

Planning Dept 701-Increase expenditures by $105,000 off the expense for the Marihuana Social Equity and Education programs, to cover the city's participation in the countywide broadband study, additional site prep for the infill housing, and other miscellaneous items.

Forestry Dept 771- Increase expenditures by 10,000 due contractual services costs and supplies.

Capital Projects 901- Increase expenditures by $761,603 for the purchase of the new fire truck. These costs were previously approved by Commission and we required to add this asset to our books.

Debt Service 906- Increase expenditures by $1,300 due Agent Fees and Interest adjustments.

Transfer 999- Additional $102,000 to the Arena

234 Pigeon Hill Brownfield

Revenues:

Tax collections need to be bumped up by $840

Expenditures Amendments

Expenditures need to match the increase in revenue by the same amount of $840

237 Terrace Point Brownfield

Revenues:

Property Tax values and Tax Capture exceed original projects by $97,000.00

Expenditures Amendments

Expenditures need to match the increase in revenue by the same amount of 97,000

252 Farmers Market

Revenues:

Increase revenues by $43,000 this includes reimbursement from the DDA

Expenditures Amendments

Increase expenditures by $60,000 ($30,000 for contractual and misc. services and $30,000 for an ice maker and cameras.

This year the Farmer's Market did not require any funds from the General Fund.

254 Arena

Expenditures Amendments

Increase expenditures by $102,00 due to payroll increases and contractual services.

445 Public Improvement

Expenditures Amendments

Increase expenditures by $100,000 to cover unexpected project costs on capital projects.

482 STATE GRANTS

Expenditures Amendments

Increase expenditures by $4,750,000 for ARPA Expenditures.

643 ENGINEERING SERVICES

Expenditures Amendments

Increase expenditures by $25,000 due to salary rate increases.

STAFF RECOMMENDATION: To approve the End of Year Budget Amendment as presented.

7.i Transfer of Obsolete Property Rehabilitation Exemption Certificate #3-016-0027 from P & G Holdings NY, LLC to the new owners, Shaw QOZB2, LLC - Economic Development

Shaw QOZB 2, LLC has requested an Obsolete Property Rehabilitation Exemption Certificate transfer for the property 920 Washington Avenue.

On July 12, 2016, the City Commission approved an Obsolete Property Certificate to P&G Holdings NY, LLC for 920 Washington Ave. State issued this certificate on 12/13/2016.

Shaw QOZB 2, LLC has purchased the property for redevelopment that will result in adaptive reuse of nearly 630,000 square feet of dilapidated former industrial space into a lively mixed-use development. The project is projected to result in over $120 million in tax capture over 20 years between property taxes and new income taxes.

The previous owner (P&G Holdings NY, LLC) had an OPRA parcel on the property and needs to be transferred over to the new owner.

STAFF RECOMMENDATION: to approve the adoption of the following resolution approving the transfer of the Obsolete Property Rehabilitation Exemption Certificate # 3-16-0027 from P&G.

7.j **<u>Contract Award - City Hall Boiler Replacement - Public Works</u>**

Staff is requesting authorization to enter into a contact with Hurst Mechanical, in the amount of $534,964 for the replacement of the boiler(s) and related equipment at City Hall.

Bids were solicited for the replacement of the boiler at City Hall after a design was completed by Rhodes Engineering. Hurst Mechanical was the only bid received, however the bid is in line with the engineer's estimate and Hurst has performed quality work for the City in the past. Furthermore, the tight timeframe to complete the project before cold weather returns has led staff to recommend award to Hurst on the basis of timing, quality and a reasonable price.

Hurst's bid is attached. They recommend adding $17,500 in asbestos abatement costs, which staff agrees with, and staff has also requested a performance bond for an additional $5,000 cost to ensure the work is done properly and timely.

This work is budgeted in FY24 (up for adoption this evening), but again due to the tight timeframe before cold weather staff requests approval tonight to avoid losing the two weeks until the 7/10 meeting.

STAFF RECOMMENDATION: To authorize staff to enter into a contact with Hurst Mechanical. in the amount of $534,964 for the replacement of the boiler(s) and related equipment at City Hall.

7.l **<u>DWRF Lead Water Line Engineering - Public Works</u>**

Staff requests approval to enter into a contract with Prein & Newhof, Inc. for engineering services related to lead service line replacements under the DWRF program.

At the meeting on October 25, 2022, Commission authorized engineering services for several projects related to the FY23 DWRF & CWSRF program through the state. That authorization included approval for work in the Glenside Neighborhood, for the reconstruction of Wilcox, Thompson and Edgewater streets in the Bluffton neighborhood, for the reconstruction of Morton Avenue from Lincoln to Denmark in Lakeside, for repairs to the Harbour Towne and Edgewater lift stations also in Bluffton, and for the replacement of approximately 500 lead service lines in the City. The authorization included $1,319,600 in funds from the FY23, FY24 and FY25 budgets.

Prein & Newhof and DPW have recently discovered that while that item included the lead service line work in the description of the cover sheet, it did not include an actual proposal for that work – meaning the cost of the work was not included. Upon further review, a proposal by Prein & Newhof was found from January of this year in the amount of $296,400. Only the design portion of the proposal ($38,000) is funded by City funds-on-hand; the much larger construction engineering portion goes into the bond and qualifies for the principal forgiveness and other program benefits.

This work is critical to both our lead service line replacement efforts (required by state regulations and in the best interests of our residents and water system regardless), as well as to the DWRF program we have benefitted from lately. In fact, two weeks from now DPW staff will return with the final details of this program. Current information from EGLE indicates we expect to receive 75% forgiveness on the drinking water portion of the loan this year, potentially worth over $6,900,000 in grant and aid.

This year is the final year of three-year program whereby Prein & Newhof was selected as one of two firms to perform the City's state revolving fund work. Based on that process, Commission's prior support of this engineering work being awarded to Prein & Newhof, and the critical nature of this work that will lead, in part, to a substantial award of grant and aid from the state, staff requests this additional cost be awarded to Prein & Newhof.

AMOUNT REQUESTED: $296,000 Total - $38,000 (Design/Cash) and $258,400 (Construction/Bond)

AMOUNT BUDGETED: $150,000 is budgeted in FY24 for all DWRF and CWSRF engineering fees. Only the $38,000 design portion counts against this; the remainder will be bonded.

FUND OR ACCOUNT: 591 (Water Fund)

STAFF RECOMMENDATION: To authorize staff to modify the existing professional services agreement with Prein & Newhof for additional services related to the FY23 DWRF lead service line replacements.

7.m **EGLE Brownfield Loan Application - City of Muskegon and the Meadows LLC - Economic Development**

The City of Muskegon has been invited to submit an EGLE Brownfield Loan Application with The Meadows LLC as the Developer.

Fishbeck (the consultant) has submitted a proposal on behalf of the City of Muskegon for a $1M loan. The pre-vetting process for the EGLE Loan has been completed and The City of Muskegon is invited to apply for this project with The Meadows LLC as the developer.

The Harbor 31 project (as a whole redevelopment) is a planned mixed-use development on approximately 25 acres of Muskegon Lake waterfront in downtown Muskegon. Proposed uses include a hotel, 33-single and multifamily residential units, a two-story office building, 48 rental townhomes, two four-story buildings with grade level retail and apartments above, a 100-unit waterfront apartment building, a marina, and an in/out boat service sales and rental operation. For these uses to safely occur, significant due care measures are required to mitigate environmental concerns. Vapor barriers and venting systems are necessary beneath proposed site structures to prevent potential intrusion of harmful vapors. The cost to implement due care is significant and poses a threat to project completion. Brownfield funding will be used to complete due care activities for The Meadows and The Commons so that the development can be safely completed. The Meadows currently owns the property where The Commons are located. Eventually The Commons will split from The Meadows and form a separate LLC and Brownfield Plan.

Staff Comments:
The focus areas for this loan include the projects below:

- 170 Viridian Drive (The Meadows)- This parcel includes the development of 22 residential rental townhomes known as the Meadows at Harbor 31. Additional analytical testing is estimated at $25,000 for this parcel and includes the collection of soil, groundwater and/or soil gas samples across this parcel to determine if vapor mitigation is necessary at this parcel.
- 630 & 633 Terrace Street (The Commons East and West)- These

parcels are located along the eastern and western sides of the entrance drive to the Harbor 31 Redevelopment. These parcels will each have a mixed-use building, approximately 30,000 square feet in size. Therefore, approximately 60,000 square feet of vapor mitigation is necessary on these parcels. It is anticipated that each building will need a below slab vapor barrier and/or active mitigation. The projected cost for vapor mitigation system construction is approximately $8/sq foot, equating to an estimated $480,000.

- Total costs are expected to be $116,233,000. This includes assessment/investigation, demolition, abatement, due care activities, response activities, non-environmental public structure, Non-Environmental Site Preparation, Contingency (up to 15% of grant/loan), Administration (up to 3% of grant/loan), EGLE Project Sign (grant/loan requirement), Grant Closeout Report (grant/loan requirement), Capital Investment (whole site), and State of Michigan Budget Appropriation.

The applicant for the EGLE Brownfield Loan is the City of Muskegon. The applicant project contact will be Contessa Alexander. The applicant signing authority will be Jonathan Seyferth. The project consultant is Kirk Perschbacher, Fishbeck. The project contact will be responsible for the day to day operations, working closely with the entire team. This person will work with the project consultant to send in quarterly invoices to EGLE for reimbursement. The applicant signing authority will legally sign off on all documents on behalf of The City of Muskegon. The proper vetting for this Loan has been completed and The City of Muskegon is invited to apply.

The following documents will be required with the application:

- A resolution adopted by the city, verifying that the city is willing to accept the loan
- A Development / Reimbursement Agreement

STAFF RECOMMENDATION: To approve the resolution for the City of Muskegon to apply for the EGLE Brownfield Loan application with The Meadows LLC as the Developer and authorize the Mayor and Clerk to sign.

7.n **EGLE Brownfield Loan Application - Downtown Development Authority, Parkland Properties of Michigan, 965 W. Western Ave., 920 & 930 Washington Ave. - Economic Development**

The Downtown Development Association (DDA) has been invited to submit an EGLE Brownfield Loan Application with Parkland Properties of Michigan as the Developer for 965 W. Western Ave., 920 & 930 Washington Ave (Shaw Walker Project).

Environmental Resource Group (the consultant) submitted a proposal on behalf of the DDA for a $1M loan. The pre-vetting process for the EGLE Loan has been completed and the DDA is invited to apply for this project with Parkland Properties of Michigan as the developer.

There are considerable costs related to the environmental activities for the former Shaw Walker Furniture property. The developer is seeking $1,000,000 from the EGLE Brownfield Redevelopment Program ($1M loan). These funds will offset some of the environmental costs for the activities that are described below.

- Vapor mitigation systems for the existing building
- Vapor mitigation system performance monitoring and reporting
- Asbestos and hazardous materials abatement
- Consultant oversight and reporting

Proposed schedule for eligible activities:

- The project is expected to begin in the fall of 2023 with vapor system pilot testing and the start of asbestos / hazardous materials abatement.

The project will result in adaptive reuse of nearly 630,000 square feet of dilapidated former industrial space into a lively mixed-use development. The project is projected to result in over $120 million in tax capture over 20 years between property taxes and new income taxes.

Staff Comments:

The applicant for the EGLE Brownfield Loan/ Grant is the City of Muskegon Downtown Development Authority. The applicant project contact will be Peter Wills. The applicant signing authority will be Jonathan Seyferth. The project consultant is Jackie Freiberg, Environmental Resources Group.

The project contact will be responsible for the day to day operations, working closely with the entire team. This person will work with the project consultant to send in quarterly invoices to EGLE for reimbursement.

The applicant signing authority will legally sign off on all documents on behalf of the DDA.

The proper vetting for this Loan has been completed and the DDA is invited to apply. The following documents will be required with the application:

- A resolution adopted by the city, verifying that the city is willing to accept the loan
- A Development Agreement is underway.

STAFF RECOMMENDATION: To approve the resolution for the DDA to apply for the EGLE Brownfield Loan application with Parkland Properties of Michigan as the Developer and authorize the Mayor and Clerk to sign.

7.d **Approval of contract for Mediation & Restorative Services - Planning**

To approve the contract for Mediation & Restorative Services to provide education, outreach, and prevention services to at risk youth.

At the April Work Session meeting, the Commission heard a proposal from Mediation & Restorative Services to provide education, outreach, and prevention services to at risk youth. The Commission decided to proceed with their services and asked staff to prepare a contract.

Services will include one-on-one accountability sessions, monthly group accountability panels, educating neighborhood associations, monthly parent/child discussion groups, discuss youth prevention efforts at local dispensaries, and coordination with the Muskegon Police Department and the Coalition for a Drug Free Muskegon County.

STAFF RECOMMENDATION: To approve the contract with Mediation & Restorative Services and authorize staff to sign.

Action No. 2023-71(d)

Motion by: Vice Mayor German
Second by: Commissioner St.Clair

To approve the contract with Mediation & Restorative Services and authorize staff to sign.

Ayes: (7): Mayor Johnson, Commissioner Gorman, Commissioner St.Clair, Commissioner Hood, Vice Mayor German, Commissioner Ramsey, and Commissioner Emory

MOTION PASSES (7 to 0)

7.e <u>MEDC RAP 1.0 Grant - Development Services</u>

Staff is requesting approval of the attached resolution and authorization to accept and distribute a 2022 MEDC RAP 1.0 State Grant of $6,000,000, awarded on September 7, 2022, to support two real estate rehabilitation projects – 880 First St LLC & Great Lakes Development Investments, Inc. The city will enter into Subgrant Agreements to distribute $3,000,000 to 880 First St, LLC and $3,000,000 to Great Lakes Development Investments, Inc. for projects costs incurred as part of their respective redevelopment projects.

The city applied for and received a 2022 MEDC Revitalization and Placemaking (RAP) 1.0 grant in the amount of $6M in the Fall 2022 to support the 880 First St, LLC & Great Lakes Development Investments, Inc, real estate rehabilitation projects.

The Revitalization and Placemaking Program (“RAP 1.0 Program”) was an incentive program that deployed state funding to address the COVID-19 impacts and community revitalization needs in communities to invest in projects that enable population and tax revenue growth through rehabilitation of vacant and blighted buildings and historic structures, rehabilitation and development of vacant properties, and development of permanent place-based infrastructure associated with social zones and traditional downtowns, outdoor dining, and place-based public spaces.

The city will enter into Subgrant Agreements to distribute $3,000,000 to 880 First St, LLC and $3,000,000 to Great Lakes Development Investments, Inc. as they are two projects key to meeting the ongoing housing needs of our community.

AMOUNT REQUESTED: $6,000,000

AMOUNT BUDGETED: $0

FUND OR ACCOUNT: TBD

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

Action No. 2023-71(e)

Motion by: Vice Mayor German
Second by: Commissioner St.Clair

To approve the resolution of support for the MEDC RAP (Redevelopment and Placement) Grant, and authorize the Clerk to sign.

Ayes: (7): Mayor Johnson, Commissioner Gorman, Commissioner St.Clair, Commissioner Hood, Vice Mayor German, Commissioner Ramsey, and Commissioner Emory

MOTION PASSES (7 to 0)

7.h <u>Real Estate Purchase Agreement for The Splash Pad - Downtown Muskegon Development Center No. 2, Association and the City of Muskegon - Economic Development</u>

A Real Estate Purchase Agreement has been submitted between The Downtown Muskegon Development Center No. 2, Association (the “Seller”) and The City of Muskegon (the “Buyer”) for the purchase of Unit 10 (the “Property”) referred to as the Western Avenue Splash Pad.

A survey plan was created by Gower Professional Surveying, P.C. that is included in the agenda packet. This survey conveys the Downtown Muskegon Development Center No. 2 boundaries, the Muskegon County condominium plan No. 162. This area encompasses ten units between Terrace, Morris, First, and Clay. The Property is commonly known as the Western Avenue Splash Pad and is 8066 sq. ft.

This purchase agreement was created in order for Unit 10 to be eliminated from the Downtown Muskegon Development Center No. 2 boundaries, and to be purchased by the City of Muskegon.

As described in the Purchased Agreement:

- The Seller shall convey the Property to the Buyer free and clear of all liens and encumbrances. Seller is also responsible for all real estate taxes and assessments that have been billed prior to the effective date.
- Moving forward the Buyer will be held accountable for all responsibilities, including repairs and maintenance after effective date.
- All fixtures and equipment are included at no additional costs.

- Both parties agree that the property is to be sold as is.
- If either party does not perform the terms and conditions of this agreement within 10 days following receipt of written notice from either Seller or Buyer, the Seller or Buyer can elect to terminate this Agreement by written notice and neither party shall have further obligations under this Agreement.
- Closing costs to be paid by Seller include the following: recording the deed, the premium for the owner's policy of title insurance, any inspection fees, closing fees charged by the Title Company, all other costs and fees, including attorney fees, it incurred in connection with this transaction including, the preparation of this Agreement, and any related closing documents.
- All parties shall deliver the Warranty Deed and all other documents that are required by this Agreement

AMOUNT REQUESTED: $1,188.75

AMOUNT BUDGETED: $0

FUND OR ACCOUNT: Planning

STAFF RECOMMENDATION: To approve the Real Estate Purchase Agreement made between Downtown Muskegon Development Center No. 2, Association and The City of Muskegon for the purchase of Unit 10 (the "Property") referred to as the Western Avenue Splash Pad authorizing the Deputy City Manager to sign.

Action No. 2023-71(h)

Motion by: Commissioner Ramsey
Second by: Commissioner Gorman

To approve the Real Estate Purchase Agreement made between Downtown Muskegon Development Center No. 2, Association and The City of Muskegon for the purchase of Unit 10 (the "Property") referred to as the Western Avenue Splash Pad authorizing the Deputy City Manager to sign.

Ayes: (7): Mayor Johnson, Commissioner Gorman, Commissioner St.Clair, Commissioner Hood, Vice Mayor German, Commissioner Ramsey, and Commissioner Emory

MOTION PASSES (7 to 0)

7.k Water and Sewer Systems Debt Service Fee - Public Works

Staff requests authorization to institute a debt service fee for both the water and sewer systems, to appear monthly on each water bill to cover the debt payments by each system in the prior fiscal year.

On March 13, 2023 staff presented a synopsis of the water system finances including that the water system is expected to be in debt to other City funds by about $2,000,000 at the close of the 22-23 fiscal year. This is due to increasing costs of treatment and capital-intensive repairs to the system.

Staff presented different funding options, with consensus settling on a “debt service fee.” This would institute a fee on each water bill, the total of which would reimburse the system for the amount of debt paid in the prior fiscal year (for example, the fee proposed at this time will reimburse the system for the debt paid in the fiscal year ending June 30, 2022). Each year, staff will make an accounting of the amount of debt paid be each of the systems and will present adjustments to the fee for consideration by the Commission. This will more directly tie the projects the City performs to the amount of the water bill, and will allow the fee to be reduced as certain bonds or other debts fall off of the system books.

The fee will be distributed on a *meter equivalency basis*, meaning a typical residential account will pay the fee at a rate of “one,” while commercial and industrial accounts will pay the fee at a potentially higher rate depending on the size of their water meter. Irrigation accounts will not pay the fee, assuming they are tied to a domestic water account at the same address. Attached is a breakdown of the meter equivalency calculations using factors from the American Water Works Association (AWWA).

The water system paid $1,206,318.45 in debt payments for the fiscal year ending June 30, 2022, and the sewer system paid $473,493.59 for the same period. Using the attached chart, we anticipate the fee will be $6.09 per month for a residential account on the water system, and $2.39 per month for a residential account on the sewer system.

City Code states that the City Commission sets the water and sewer rates by resolution. The attached resolution will institute the fee and establish it at the rates described herein. The fee will need to be established by a similar resolution each year around this time to adjust the fee for the actual amount of debt incurred each year as described above.

STAFF RECOMMENDATION: To approve the resolution establishing the Fiscal Year 2023-24 Debt Service Fees for the water and sewer system.

Action No. 2023-71(k)

Motion by: Commissioner Ramsey
Second by: Vice Mayor German

To approve the resolution establishing the Fiscal Year 2023-24 Debt Service Fees for the water and sewer system.

Ayes: (7): Mayor Johnson, Commissioner Gorman, Commissioner St.Clair, Commissioner Hood, Vice Mayor German, Commissioner Ramsey, and Commissioner Emory

MOTION PASSES (7 to 0)

8. Public Hearings

8.a <u>Brownfield Plan Amendment, 880 1st Street, 216 West Clay Avenue - Economic Development</u>

880 First Street, LLC has submitted a Brownfield Plan Amendment for the 880 1st Street Rehabilitation & New Construction Project- a mixed- use redevelopment project located at 880 1st St., and 216 West Clay Ave.

880 1st Street Rehabilitation & New Construction Project is a mixed- use redevelopment project with a total capital investment of $28.8 million. The projects eligible property is approximately 0.49 acres that consists of one parcel and a small portion of another adjacent (880 1st St. and 216 W. Clay Avenue. The property is considered an eligible facility as defined by Act 381.

The total number of new jobs is 109, which includes construction and support staff, managerial and administrative employees. There will be 1,384 rentable square feet commercial business space containing a retail/service provider, 7,700 rentable square feet multi-purpose/co-working and event space, and 57 multifamily residential apartments offering attainable workforce housing (units between 80% and 120% of the AMI according to current MSHDA affordability guidelines). Vertical construction is scheduled to begin in the Spring 2024 and anticipated to be completed by Summer 2026. The total estimated plan capture for eligible activities is for 35 years, 2025-2059.

After the project is completed the total new taxes received by taxing units is $2,366.873, total captured by the BRA is $6,201,788, and total new taxes is $8,568,661.

During the 35 years tax capture period, the total tax capture is $13,481,830 which includes local taxes (to be reimbursed to the developer for eligible activities) of $5,225,029, state school taxes (to be reimbursed to the developer for eligible activities) at $6,935,640, State of Michigan Brownfield Redevelopment Fund (MBRF) (Maximum of 25-Year period for tax capture) of $274,220, BRA Local Brownfield Revolving Fund of $872,283, and the Brownfield Redevelopment Authority (BRA) Administration of $174,658.

Eligible activities will include EGLE eligible activities such as assessments, due care planning, and due care activities. MSF non-environment activities eligible activities include demolition, lead/asbestos activities, infrastructure improvements, and site preparation activities. The plan includes a 15% contingency for environmental and non-environmental activities and 5% in interest.

The Brownfield Redevelopment Authority approved the Brownfield Plan on June 13th, 2023.

STAFF RECOMMENDATION: To close the Public Hearing and approve the resolution for the Brownfield Plan Amendment for the 880 1st Street Rehabilitation & New Construction Project authorizing the City Clerk and City Mayor to sign.

Public Hearing Commenced:

Contessa Alexander, Development Analyst from City of Muskegon Development Services Division, presented an overview of the proposed redevelopment project.

Eric Helzer, 880 First Street development team, gave a presentation regarding the rehabilitation and new construction project at 880 First Street.

Brianna Scott, 880 First Street development team, addressed the commission about her excitement about the project which is taking longer than expected.

No public comments.

Action No. 2023-72

Motion by: Commissioner Ramsey
Second by: Vice Mayor German

To close the Public Hearing and approve the resolution for the Brownfield Plan Amendment for the 880 1st Street Rehabilitation & New Construction Project authorizing the City Clerk and City Mayor to sign.

Ayes: (7): Mayor Johnson, Commissioner Gorman, Commissioner St.Clair, Commissioner Hood, Vice Mayor German, Commissioner Ramsey, and Commissioner Emory

MOTION PASSES (7 to 0)

9. Unfinished Business

9.a Transmittal of 2023-24 Proposed Budget - Finance

At this time staff is transmitting to the City Commission the proposed budget for fiscal year 2023-24 which starts July 1, 2023. Both hardcopy and electronic versions of the budget have been distributed to Commissioners. Additionally, the budget is available for inspection on the City's website and at the City Clerk's office. The proposed budget was reviewed in detail with staff at the June 12, 2023 work session. A public hearing on the budget was held at the regular Commission meeting on June 13, 2024. City ordinance requires that the budget be adopted by the Commission on or before the second Commission meeting in June. https://muskegon-mi.gov/proposed-budget-for-2023-2024/

STAFF RECOMMENDATION: To approve the proposed budget for fiscal year 2023-24.

Mayor Johnson invited the public comment on the budget. No public comments were received.

Action No. 2023-73(a)

Motion by: Commissioner Emory
Second by: Commissioner Ramsey

To approve the proposed budget for fiscal year 2023-24.

Ayes: (7): Mayor Johnson, Commissioner Gorman, Commissioner St.Clair, Commissioner Hood, Vice Mayor German, Commissioner Ramsey, and Commissioner Emory

MOTION PASSES (7 to 0)

10. New Business

10.a <u>Distribution of Master Plan to Notice Group - Planning</u>

The Planning Commission has prepared the proposed master plan update and is submitting it to the City Commission for distribution to the notice group for a 63-day review.

The notice group includes the planning commissions of all contiguous local units of government, the Muskegon County Board of Commissioners, each public utility company, railroad company, and public transportation company in the City, and any other governmental entity that has requested to be notified.

The plan can be viewed at this link.

STAFF RECOMMENDATION: To approve distribution of the proposed master plan to the notice group for a 63-day review period.

Planning Director, Mike Franzak, provided an overview of the Master Plan Update. The Master Plan is required to have a 63-day review period before it can be adopted. The presentation included goals and recommendations in four major areas. There were 27 public input sessions over the past few years.

Action No. 2023-74(a)

Motion by: Commissioner St.Clair
Second by: Commissioner Hood

To approve distribution of the proposed master plan to the notice group for a 63-day review period.

Ayes: (7): Mayor Johnson, Commissioner Gorman, Commissioner St.Clair, Commissioner Hood, Vice Mayor German, Commissioner Ramsey, and Commissioner Emory

MOTION PASSES (7 to 0)

11. Any Other Business

11.a ARPA Committee Update

City Manager Jonathan Seyferth informed the Commission that the ARPA Community Grant Committee has been meeting and staff is looking for direction on how and when the City Commission would like to review recommendations. There seems to be consensus that a special meeting will be scheduled. The City Manager and Clerk will work with the Commission to determine a date.

11.b ARPA Community Grant Meetings - selection criteria

Vice Mayor German raised concerns about the application review process that the committee is using and would like to know what criteria, etc., are being used to determine how to award the grant money. City Manager Jonathan Seyferth spoke to the process used by the committee to score the applications. Vice Mayor German is involved in an organization that submitted an application.

11.c Citizen's Police Review Board

Vice Mayor German has received questions regarding the redaction of information from the Citizens Police Review Board and will follow up with Chief Kozal.

11.d Update on Gift Card

Commissioner Emory requested an update on the gift cards. Finance Director, Ken Grant, provided the update. A meeting of the Gift Card Committee will be scheduled to discuss how to move forward.

11.e End of Year Budget Amendment

Mayor Johnson requested and Finance Director Ken Grant provided an overview of the End of Year Budget Amendments. Highlights are included in the packet.

11.f Muskegon Museum of Art RAP Grant Letter of Support Request

Mayor Johnson was asked to provide a letter of support from the City for the Muskegon for the Museum of Art's RAP Grant application. He is seeking commission consensus as to whether or not to provide a letter of support. There are several considerations to be made and as discussion took place it was revealed that there is another entity, Adelaide Pointe, also seeking a letter of support from the City. This is a competitive grant that the city has applied for as well. Commission consensus is that the city should support the grant applications for both entities that have requested as all projects benefit the city and it's residents.

11.g Parks and Recreation Advisory Committee

The recently created Parks and Recreation Advisory Committee is accepting applications for positions until July 27, 2023.

12. Public Comment on Non-Agenda items

- Reminder: Individuals who would like to address the City Commission shall do the following:
- Fill out a request to speak form attached to the agenda or located in the back of the room.
- Submit the form to the City Clerk.
- Be recognized by the Chair.
- Step forward to the microphone.
- State name and address.
- Limit of 3 minutes to address the Commission
- (Speaker representing a group may be allowed 10 minutes if previously registered with City Clerk.)

Public comments were received.

13. Closed Session

14. Adjournment

The City Commission meeting adjourned at 8:12 p.m.

Motion by: Commissioner Ramsey

To adjourn at 8:12 p.m.

MOTION PASSES

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Respectfully Submitted,

Ann Marie Meisch, MMC - City Clerk