

CITY OF MUSKEGON

CITY COMMISSION MEETING

JUNE 13, 2017 @ 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, June 13, 2017. Pastor Matt Sharpe, Evanston Avenue Baptist, 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 Hood, Commissioners Ken Johnson, Debra Warren, Willie German, Jr., Dan Rinsema-Sybenga, and Byron Turnquist, City Manager Franklin Peterson, City Attorney John Schrier, and City Clerk Ann Meisch.

INTRODUCTIONS/PRESENTATION:

A. Recognition of Spring 2017 Citizen's Academy Graduates

Public Safety

Mayor, Stephen J. Gawron, read the resolution and thanked the 2017 Citizen's Police Academy for their faithful attendance, completion, and graduation from the ten week academy.

2017-46 CONSENT AGENDA:

A. Approval of Minutes City Clerk

SUMMARY OF REQUEST: To approve the minutes of the May 23, 2017 Regular City Commission Meeting.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the Minutes.

C. Approval of a Neighborhood Enterprise Zone Certificate – 325 Terrace Point Circle – Planning & Economic Development

SUMMARY OF REQUEST: An application for a Neighborhood Enterprise Zone (NEZ) certificate has been received from Eric and Michelle Ringelberg for the

new construction of a home at 325 Terrace Point Circle. This unit has already been constructed and the State Tax Commission allows applicants to apply for a certificate up to six (6) months after construction commences. Construction started in February with an estimated cost of \$320,112. The applicant has met local and state requirements for the issuance of the NEZ certificate.

FINANCIAL IMPACT: Taxation will be 50% of the State average of new home for the next 12 years.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the NEZ certificate.

D. Approval of a Neighborhood Enterprise Zone Certificate – 311 Terrace Point Circle – Planning & Economic Development

SUMMARY OF REQUEST: An application for a Neighborhood Enterprise Zone (NEZ) certificate has been received from Steve and Lori Videto for the new construction of a home at 311 Terrace Point Circle. This unit has already been constructed and the State Tax Commission allows applicants to apply for a certificate up to six (6) months after construction commences. Construction started in February with an estimated cost of \$314,072. The applicant has met local and state requirements for the issuance of the NEZ certificate.

FINANCIAL IMPACT: Taxation will be 50% of the State average of new homes for the next 12 years.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the NEZ certificate.

E. Authorization of Community Housing Development Organization (CHDO) Agreements – Community & Neighborhood Services

SUMMARY OF REQUEST: The Muskegon County Habitat for Humanity has proposed to build (2) three-bedroom, single-family homes in the Nims Neighborhood. The total budget for this project is \$229,065. Muskegon County Habitat for Humanity has requested **\$79,900**, in HOME funds to assist in the completion of these homes, as well as continuing the partnership between the City and Habitat in providing decent affordable homes within the City of Muskegon.

After the Mayor and Clerk sign the contracts, the CNS office will retain one copy of our files and a copy will be supplied to Muskegon County Habitat for Humanity for their records.

FINANCIAL IMPACT: Funding will be allocated from the 2016 HOME program.

BUDGET ACTION REQUIRED: The City Commission made budgeting allocation decisions last year.

STAFF RECOMMENDATION: To direct Mayor and Clerk to sign agreements

COMMITTEE RECOMMENDATION: Citizen District Council approved.

G. CDBG Program Administration Agreement – City of Muskegon/City of Norton Shores

SUMMARY OF REQUEST: The City of Muskegon has contracted with the City of Norton Shores to administer their Community Development Block Grant (CDBG) program since 2006. The current Agreement concludes on June 30, 2017. The new agreement extends for two years (through June 30, 2019).

FINANCIAL IMPACT: The City of Norton Shores will pay the maximum allowable CDBG costs per program year to the City of Muskegon, minus \$1,000 to administer their CDBG program

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the Agreement and authorize the Mayor and City Clerk to sign.

H. Cemetery Perpetual Care Fund – CFFMC City Manager

SUMMARY OF REQUEST: The City Commission recently approved a change to the fund to allow for a loan in support of development at 351 West Western. The developers have received a conditional offer from the MEDC to provide grant assistance to the project. However, the MEDC's recommendation is contingent upon the City's loan terms being adjusted to allow for better cash flow in the project. Absent a change to our loan, the grant funding is unlikely to be recommended at its current level.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To authorize the Community Foundation for Muskegon County to invest \$500,000 from the City of Muskegon Cemetery Perpetual Care Fund in 351 W. Western Ave. LLC, as a piece of the financing for a six-story residential, commercial and retail development on terms that are as follows:

The return to the Cemetery Perpetual Care Endowment Fund will be interest at 0% for the first three years and then at the prime rate beginning in year four, adjusted annually. Years 1-5, monthly payments will consist of interest only. Beginning in Year six, monthly payments will consist of principle and interest (prime), based on 25 year amortization. A balloon payment will be due at year 15. The loan will be secured by a subordinated mortgage on the development.

J. Community Relations Committee Recommendation for Commission Opening City Clerk

SUMMARY OF REQUEST: To concur with the recommendations from the Community Relations Committee regarding the appointment by City Manager, Frank Peterson, of Jonathan Wilson to the Housing Commission.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To accept the recommendation made by the Community Relations Committee of Frank Peterson to appoint Jonathan Wilson to the Housing Commission.

COMMITTEE RECOMMENDATION: To accept the appointment by Frank Peterson of Jonathan Wilson to the Housing Commission.

Motion by Commissioner Johnson, second by Commissioner Warren, to approve the consent agenda as presented, minus items B, F, and I.

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

Nays: None

MOTION PASSES

2017-47 ITEMS REMOVED FROM THE CONSENT AGENDA

B. Special Event Request – Burning Foot Beer Festival at Pere Marquette Park - Planning

SUMMARY OF REQUEST: The Lakeshore Brewer's Guild is holding their 3rd annual "Burning Foot Beer Festival" event at Pere Marquette Park on August 26, 2017. City Commission approval is required due to the request to allow overnight camping at the beach.

Overnight camping proposal: Tent camping is proposed on the beach to the south of the festival area. RV camping is proposed in the grassy area of Margaret Drake Elliott Park adjacent to the parking lot near the Coast Guard Station. Camping areas will be open at 9:00 AM on Saturday, August 26 and be cleared out by 11:00 AM on Sunday, August 27. All camping areas will be monitored by festival personnel. A site plan is attached showing the proposed camping areas. Burning Foot personnel will obtain the necessary Health Department/DEQ permits.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Staff recommends approval.

Motion by Commissioner Turnquist, second by Commissioner Johnson to approve the special event request from Burning Foot Beer Festival at Pere Marquette Park.

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

Nays: None

MOTION PASSES

F. Approval of the Fair Housing Agreement with Muskegon Heights and Norton Shores – Community & Neighborhood Services

SUMMARY OF REQUEST: The cities of Muskegon, Muskegon Heights, and Norton Shores are entering into an agreement with the Fair Housing Center of West Michigan to conduct fair housing testing in the County of Muskegon per the recommendation of the 2009 Analysis of Impediments Report. This agreement will be for 2017-2019.

FINANCIAL IMPACT: Based on population, the City of Muskegon will pay \$17,680 of the annual cost.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the Agreement and authorize the Mayor to sign.

Motion by Commissioner Warren, second by Commissioner German to approve the Fair Housing Agreement with Muskegon Heights and Norton Shores.

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

Nays: None

MOTION PASSES

I. LC Walker Concession Point of Sale Contract City Manager

SUMMARY OF REQUEST: The LC Walker arena concession stands grossed nearly \$500,000 in sales during the current fiscal year. To better manage these sales, staff is requesting permission to purchase and implement a point of sales system. The system, Digital Dining, would be implemented prior to the start of the hockey season, and would be interconnected to any restaurants that lease space in the arena as well.

FINANCIAL IMPACT: \$75,000

BUDGET ACTION REQUIRED: None. This cost is included in the 4th Quarter Budget Reforecast.

STAFF RECOMMENDATION: To authorize the City Manager to enter into a Purchase agreement with Services Integrated Systems, Inc. of Nunica, MI to install and implement the Digital Dining Point of Sale System at the LC Walker Arena, and to purchase all necessary equipment to accomplish the installation and implementation.

Motion by Commissioner Johnson, second by Commissioner German to authorize the City Manager to enter into a purchase agreement with Service Integrated Systems, Inc. of Nunica, MI to install the Digital Dining Point of Sale System at the LC Walker Arena, and to purchase all necessary equipment to accomplish the installation and implementation.

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

Nays: None

MOTION PASSES

2017-48 PUBLIC HEARINGS:

A. Transmittal of 2017-18 Proposed Budget – City Manager

SUMMARY OF REQUEST: At this time staff is transmitting to the City Commission the proposed budget for fiscal year 2017-18 which starts July 1, 2017. An electronic version of the budget has been distributed to Commissioners. Additionally, the budget is available for public inspection on the City's website and at the City Clerk's office or Hackley Public Library.

The proposed budget will be reviewed in detail with staff at the June 12th Worksession. A public hearing on the budget will be held at the regular Commission meeting the following evening on June 13th. City ordinance requires that the budget be adopted by the Commission on or before the second Commission meeting in June.

FINANCIAL IMPACT: The budget is the City's financial plan for the coming fiscal year.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To accept public comment.

PUBLIC HEARING COMMENCED:

The following persons offered comments on the proposed budget:

Chris Drake, 1309 Randolph, City of Muskegon Firefighter

Mike McPhail, 1345 Lake Dunes Drive – opposes cuts to Fire Department

Terri Gust, 86 N. Bear Lake Road – against cuts to Fire Department

Mr. Murphy, 436 Adams – against cuts to Fire Department

Ruby Clark, Marquette Neighborhood Association President – why cut – should increase

Motion by Commissioner Rinsema-Sybenga, second by Commissioner Warren, to close the public hearing.

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

Hood, and Warren

Nays: None

MOTION PASSES

2017-49 NEW BUSINESS:

A. Defined Benefit Plan Amortization Extension Agreement – Finance

SUMMARY OF REQUEST: To approve the Defined Benefit Plan Amortization Extension Agreement to extend the amortization periods for funding the unfunded accrued liability for the provision of the City's defined benefit pension benefits through MERS. The extension of the amortization periods will assist the City by reducing significant financial stress to the budget in coming years.

FINANCIAL IMPACT: It is estimated that the City's required contribution rate for the first year (fiscal year 2017-18) would decrease by over \$304,000.

BUDGET ACTION REQUIRED: Future budgets will be reflective of this change.

STAFF RECOMMENDATION: To approve the Defined Benefit Plan Amortization Extension Agreement and authorize the Mayor to sign the agreement.

Motion by Commissioner Rinsema-Sybenga, second by Vice Mayor Hood, to approve the Defined Benefit Plan Amortization Extension Agreement and authorize the Mayor to sign the agreement.

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

Nays: None

MOTION PASSES

B. Request for Approval of a Planned Unit Development at Former Nims School – Planning & Economic Development

SUMMARY OF REQUEST: Request for Final Planned Unit Development (PUD) approval at the former Nims School located at 1161 W. Southern Avenue by Avasure, LLC. This project will reutilize the building as a number of uses; including offices, research and development and a business incubator.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Staff recommends approval of the final PUD.

COMMITTEE RECOMMENDATION: The request was unanimously approved at the May 22, 2017 Special Planning Commission Meeting.

Motion by Commissioner Johnson, second by Commissioner German, to approve the Planned Unit Development at the former Nims School.

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

Nays: None

MOTION PASSES

C. Neighborhood Empowerment Program City Manager

SUMMARY OF REQUEST: Staff and City Commissioners have worked hard to encourage strong and vibrant neighborhoods. One of our greatest assets is to accomplish this is our neighborhood associations. This program is designed to empower neighborhoods to get more involved in activities that beautify their neighborhood, engage neighbors, provide positive activities for children, and otherwise improve quality of life within the neighborhood. This grant program builds on the current neighborhood grant program and provides opportunities for neighborhood groups to raise additional funds to make investments in their neighborhoods.

FINANCIAL IMPACT: \$100,000 - \$150,000 annually.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To adopt the Neighborhood Empowerment Program and encourage neighborhood associations to utilize the program as a tool to help guide the development and improvement of their neighborhood.

Motion by Commissioner Warren, second by Commissioner Rinsema-Sybenga, to adopt the Neighborhood Empowerment Program.

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

Nays: None

MOTION PASSES

PUBLIC PARTICIPATION: No public comments were received.

ADJOURNMENT: The City Commission meeting adjourned at 7:20 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC, City Clerk