CITY OF MUSKEGON

CITY COMMISSION MEETING

MAY 23, 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, May 23, 2017. Mr. George Monroe, 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. (left at 7:00 p.m.), Dan Rinsema-Sybenga, and Byron Turnquist, City Manager Franklin Peterson, City Attorney John Schrier, and City Clerk Ann Meisch.

2017-42 CONSENT AGENDA:

A. <u>Approval of Minutes</u> City Clerk

SUMMARY OF REQUEST: To approve minutes of the May 8, 2017 Worksession Meeting and the May 9, 2017 Regular City Commission Meeting.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the minutes.

B. <u>Polling Place Changes</u> City Clerk

SUMMARY OF REQUEST: To change the polling location for Precinct 4 from Oakview Elementary to Muskegon Middle School, the polling location for Precinct 9 from Moon Elementary to Muskegon High School's Gym Building, and the polling location for Precinct 10 from Fire Station #4 to the Lakeshore Fitness Center.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve the polling place changes.

D. Special Event Request – Amateur Radio Field Day Planning

SUMMARY OF REQUEST: The Amateur Radio Association would like to hold their Field Day event at Pere Marquette Park June 24-25, 2017. It's a national event for ham radio operators and it is an overnight event, starting at 2:00 PM on Saturday, June 24 and ending at 2:00 PM the following day. They are requesting permission for their participants to camp overnight in their RVs in the parking lot adjacent to the Coast Guard station. They expect around 8 RVs in the lot overnight. There is no alcohol involved and this is not a fundraising type of event. The purpose of the national "Field Day" event is a national contest to see how many contacts the radio operators can make in a 24-hour period.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDAITON: Staff recommends approval.

E. 2015 (Edition) International Fire Code Public Safety

SUMMARY OF REQUEST: The Director of Public Safety requests that the City Commission review and authorize the adoption of the 2015 (edition) of the International Fire Code. The new edition addresses safeguarding of life, property from fire, explosion hazards arising from the use and occupancy of buildings within the City of Muskegon. Note; City Ordinance Chapter 30, Article III, Section 30-191 will again be included with this adoption.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends adoption of the proposed 2015 edition.

G. Amendment of the Non-union Part-Time Police Officers Wage Matrix
Public Safety and Employee Relations

SUMMARY OF REQUEST: The 2017 Wage Matrix for Non-Union Part-Time and Limited Term Employees has the Police Recruit and Part-Time Police Officers in Step 7B of the wage matrix. Step 9B has the Evidence/Court Officer which is also a Part-Time MCOLES Certified Police Officer position.

The department is proposing to leave the Police Recruit in Step 7B, and remove the Evidence/Court Officer from the Matrix and replace it with an expanded range of the Part-Time Police Officer. This will provide some flexibility as to how Part-Time officers can be utilized without designating them for a specific area. The position description for Part-Time Police Officer and the Union contract specify how the part-time officers can be utilized. The department will continue to follow that guideline.

FINANCIAL IMPACT: Unbenefited MCOLES certified part-time officers save the City in the areas of Evidence/Court Officer, Beach Patrol, Event Security, and assisting Inspections.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the request.

H. Purchase of HUD Home at 1350 Eastwood Drive Community & Neighborhood Services

SUMMARY OF REQUEST: To approve the purchase of a HUD home located at 1350 Eastwood Drive in Sheldon Park Neighborhood for the price of $61,200.

After the sale, CNS will rehabilitate the single family dwelling as part of the HOME funded Homebuyer Program.

FINANCIAL IMPACT: The funding used for the purchase and rehabilitation will come from 2016 HOME funds.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve the request to purchase the property.

J. Brownfield Reimbursement Contract with CBC Community Development Strategies City Manager

SUMMARY OF REQUEST: Approve a contract with CBC Community Development Strategies to assist with the various steps in the Brownfield Redevelopment process.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the contract with CBC Community Development Strategies.

L. Rezoning Request for Several Properties to R-2, Single Family Medium Density Residential District Planning & Economic Development

SUMMARY OF REQUEST: Staff initiated request to rezone several properties to R-2, Single Family Medium Density Residential District.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval of the rezoning.

COMMITTEE RECOMMENDATION: The Planning Commission unanimously recommended approval of the request at their May 11 meeting, with one member absent.

M. **Rezoning Request for Several Properties to R-3, Single Family High Density Residential District** Planning & Economic Development

SUMMARY OF REQUEST: Staff initiated request to rezone several properties to R-3, Single Family High Density Residential District.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval of the rezoning.

COMMITTEE RECOMMENDATION: The Planning Commission unanimously recommended approval of the request at their May 11 meeting, with one member absent.

N. **Rezoning Request for Several Properties to Urban Residential, Form Based Code** Planning & Economic Development

SUMMARY OF REQUEST: Staff initiated request to rezone several properties to Form Based Code, Urban Residential.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval of the rezoning.

COMMITTEE RECOMMENDATION: The Planning Commission unanimously recommended approval of the request at their May 11 meeting, with one member absent.

P. **Table the findings of the Housing Board of Appeals for 1451 Park Street** Public Safety

SUMMARY OF REQUEST: This is to request that that City Commission "**table**" the findings of the Housing Board of Appeals (HBA) relating to the structure located at 1451 Park Street. It is further requested that Public Safety Administration be directed to allow said owner (Bruce Antwan) a ninety (90) day reprieve to complete finishing work at said location. At the end of ninety (90) days if noted finish work is not final the case EN157069-1451 Park Street will be forwarded back to the Commission for concurrence with the Housing Board of Appeals.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To "table" the Housing Board of Appeals decision to demolish.

Motion by Commissioner Johnson, second by Commissioner German, to approve the consent agenda as presented, minus items C, F, I, K, and O.

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

Gawron, and Hood

Nays: None

MOTION PASSES

2017-43 ITEMS REMOVED FROM THE CONSENT AGENDA:

C. <u>2017-2018 Michigan Municipal League Membership Dues</u> City Clerk

SUMMARY OF REQUEST: Approval to pay the 2017-2018 MML dues in the amount of $9,763. This is an increase of $87.

FINANCIAL IMPACT:	MML Dues	$8,875
	Legal Defense Fund	<u>$888</u>
	Total	$9,763

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval.

Motion by Commissioner Warren, second by Commissioner Johnson to approve the payment of the 2017-18 MML Dues and Legal Defense Fund in the amount of $9,763.00.

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

Nays: None

MOTION PASSES

F. <u>Purchase of Beach Patrol Vehicle</u> Public Safety

SUMMARY OF REQUEST: The Director of Public Safety requests that the Commission authorize the amount of $16,525.97 for the purchase of a 2017 Polaris Ranger Crew 1000 Beach Patrol Vehicle from Babbitt's Sports Center, a local business. This purchase will assist with patrol at the beach area and on the beach, especially if there is an emergency.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: Funds will come from the forfeiture account.

STAFF RECOMMENDATION: Staff recommends approval of this all-terrain beach vehicle.

Motion by Commissioner German, second by Commissioner Rinsema-Sybenga to approve the purchase of the all-terrain beach vehicle.

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

Nays: None

MOTION PASSES

I. <u>2017-18 Healthcare & Wellness Program</u> Finance

SUMMARY OF REQUEST: It is time to renew the City's healthcare coverage for the 2017-18 plan year (6/1/17 – 5/31/18). Renewal premiums for the City's current healthcare program came in a t a 3.96% increase over the current year. Last year we experienced an increase of 6.96%. In comparative terms, many employers have been experiencing sharp double-digit rate increases for several years. Also, the City's healthcare costs remain below the "hard cap limits" set by PA 152 and remain cost competitive with the standards set by the state for new hires. These are good independent indicators that the City's program is cost-effective.

Starting June 1, 2017, the deductible will be increased from $2,500 for an individual and $5,000 for double/family to $4,000 for an individual and $8,000 for double/family. In addition, the prescription drug coverage will change from a $10/$40 copay to a five tier copay of $10/$40/$80/20% ($100 max)/20% ($200 max) effective June 1, 2017.

For 2017-18, the City will continue to pay the HRA deductible <u>if the employee and spouse</u> completed the wellness requirements by March 31st; non-participants in the wellness program will be required to pay the first $1,000 (single)/$2,000 (double/family) of the deductible.

Dental benefits will no longer be administered through Priority Health, but they will now be through Delta Dental.

FINANCIAL IMPACT: The following is an estimate of gross premium costs for the Priority Health HMO program compared with the current healthcare plan year.

	2017-18			2016-17		
	Single	Double	Family	Single	Double	Family
Monthly Premium	$ 515.13	$ 1,159.04	$ 1,390.85	$ 495.51	$ 1,114.90	$ 1,337.88
Rate Change	3.96%	3.96%	3.96%	6.96%	6.96%	6.96%
Annual Premium	6,181.56	13,908.48	16,690.20	5,946.12	13,378.80	16,054.56
Current # Employees	36	47	113	36	47	113
Total Annual Premium	222,536.16	653,698.56	$ 1,885,992.60	214,060.32	628,803.60	$ 1,814,165.28
		2,762,227.32			2,657,029.20	
Add: HRA Deductibles Paid by City		300,000.00			300,000.00	
Less: 10% Employee Premium Copays		(276,222.73)			(265,702.92)	
Equals: Employer Cost		**$2,786,004.59**			**$2,691,326.28**	
	2017 PA 152 Hard Cap Limits			2016 PA 152 Hard Cap Limits		
	$ 6,344.80	$ 13,268.93	$ 17,304.02	$ 6,142.11	$ 12,845.04	$ 16,751.23
	228,412.80	623,639.71	1,955,354.26	221,115.96	603,716.88	1,892,888.99
		$2,807,406.77			**$2,717,721.83**	

Full-time City employees pay 10% of the above premium costs through payroll decution.

BUDGET ACTION REQUIRED: Employee and retiree healthcare costs will be included in the forthcoming 2017-18 budget.

STAFF RECOMMENDATION: Authorize staff to execute documents with Priority Health to renew employee healthcare coverage for the coming year.

Motion by Commissioner Warren, second by Commissioner Rinsema-Sybenga to authorize staff to execute documents with Priority Health to renew employee healthcare coverage for the coming year.

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

Nays: None

MOTION PASSES

K. Rezoning Request for 311, 317, 329, 331, and 335 W. Muskegon Avenue and 1138 4th Street Planning & Economic Development

SUMMARY OF REQUEST: Staff initiated request to rezone 311, 317, 329, 331 and 335 W Muskegon Avenue and 1138 4th Street from RT, Two Family Residential District to Form Based Code, Urban Residential.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval of the rezoning.

COMMITTEE RECOMMENDATION: The Planning Commission unanimously recommended approval of the request at their May 11 meeting, with one member absent.

Motion by Commissioner German, second by Commissioner Rinsema-Sybenga to approve the rezoning.

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

Nays: None

MOTION PASSES

O. Finance Director Position City Manager

SUMMARY OF REQUEST: Derrick Smith has accepted employment outside of the City of Muskegon, effective June 2, 2017. This request is to appoint Assistant Finance Director, Beth Lewis, as Finance Director effective June 2, 2017.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends Beth Lewis be appointed Finance Director. Beth has been the City's Assistant Finance Director for 19 years.

Motion by Commissioner German, second by Commissioner Johnson to appoint Beth Lewis to the position of Finance Director effective June 2, 2017.

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

Nays: None

MOTION PASSES

2017-44 NEW BUSINESS:

A. <u>Concurrence with the Housing Board of Appeals Notice and Order to Demolish</u> Public Safety

288 Jackson Avenue	**961 Amity Avenue**
240 Monroe Avenue	**1342 6th Street**
398 Monroe Avenue	**1670 Park Street**
763 Catawba Avenue	**2020 Lakeshore Drive**
810 Allen Avenue	

SUMMARY OF REQUEST: This is to request that the City Commission concur with the findings of the Housing Board of Appeals that the structures are unsafe, substandard, a public nuisance and that they be demolished within thirty (30) days or infraction tickets may be issued. It is further requested that administration be directed to obtain bids for the demolition of the structures and that the Mayor and City Clerk be authorized and directed to execute contracts for demolition with the lowest responsible bidder or staff may issue infraction tickets to the owner, agent or responsible party if they do not demolish the structure.

STAFF RECOMMENDATION: To concur with the Housing Board of Appeals decision to demolish.

<u>398 Monroe, 763 Catawba, 810 Allen, 1342 6th Street, & 2020 Lakeshore</u>

Motion by Commissioner Turnquist, second by Commissioner Rinsema-Sybenga to concur with the Housing Board of Appeals notice and order to demolish 398 Monroe Avenue, 763 Catawba Avenue, 810 Allen Avenue, 1342 6th Street, and 2020 Lakeshore Drive.

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

Nays: None

MOTION PASSES

<u>288 Jackson</u>

Motion by Commissioner Rinsema-Sybenga, second by Commissioner German to concur with the Housing Board of Appeals notice and order to demolish 288 Jackson Avenue.

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

Nays: None

MOTION PASSES

<u>240 Monroe</u>

Motion by Commissioner German, second by Commissioner Warren to concur with the Housing Board of Appeals notice and order to demolish 240 Monroe Avenue.

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

Nays: None

MOTION PASSES

<u>961 Amity</u>

Motion by Vice Mayor Hood, second by Commissioner Rinsema-Sybenga to concur with the Housing Board of Appeals notice and order to demolish 961 Amity Avenue.

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

Nays: None

MOTION PASSES

<u>1670 Park Street</u>

Motion by Commissioner Rinsema-Sybenga, second by Commissioner Warren to concur with the Housing Board of Appeals notice and order to demolish 1670 Park Street.

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

Nays: None

MOTION PASSES

B. <u>Cemetery Perpetual Care Fund-CFFMC</u> City Manager

SUMMARY OF REQUEST: The City Commission recently approved a $500,000 loan for the development of a six-story mixed-use building at 351 West Western

Avenue. The loan proceeds were originally to be paid from one of the city's economic development funds. Rather than utilizing these economic development funds, City staff is seeking to unlock the power of its Cemetery Perpetual Care Endowment Fund at the Community Foundation for Muskegon County by investing the fund's assets in this secured, interest bearing loan. The loan would support a downtown Muskegon development project whose goals are to reestablish downtown residential living and increase the presence of commercial and retail businesses in the downtown area.

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 Avenue, 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 the prime rate, adjusted annually. Years 1– 5, monthly payments will consist of interest only. Beginning in Year 6, monthly payments will consist of principle and interest (at 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.

Motion by Commissioner Johnson, second by Vice Mayor Hood 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 Avenue, LLC, as a piece of the financing for a six-story residential, commercial and retail development.

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

Nays: None

MOTION PASSES

C. <u>Approval of a Neighborhood Enterprise Zone Certificate – 351 W. Western, LLC</u> Planning & Economic Development

SUMMARY OF REQUEST: An application for a Neighborhood Enterprise Zone Certificate has been received from 351 W. Western, LLC for the construction of 20 market-rate apartments as part of a mixed-use development project. The estimated project cost is $210,000 per unit. The property was approved as a Neighborhood Enterprise Zone District on May 9, 2017. 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 14, and 25% in year 15.

BUDGET ACTION REQUIRED: None.

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

Motion by Commissioner Rinsema-Sybenga, second by Vice Mayor Hood to approve the NEZ certificate for 15 years for 351 W. Western, LLC.

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

Nays: None

Absent: German

MOTION PASSES

D. <u>Third Quarter 2016-17 Budget Reforecast</u> Finance

SUMMARY OF REQUEST: At this time staff is transmitting the ***Third Quarter 2016-17 Budget Reforecast*** which outlines proposed changes to the budget that have come about as result of changes in revenue projections, policy priorities, labor contracts, updated economic conditions, or other factors.

FINANCIAL IMPACT: A summary of third quarter proposed adjustments to the budget are as follows:

- General Fund revenues are reforecast to be $141,131 higher than the second quarter budget reforecast, largely due to higher projected building permit revenues.
- General Fund expenditures are reforecast to be $256,602 lower than the second quarter budget reforecast.
- There was further refinement of the capital projects budget resulting in an overall net decrease of $5,294,963 from the second quarter budget reforecast due to the removal or reduction of a number of projects.

BUDGET ACTION REQUIRED: City Commission approval of this reforecast will formally amend the City's 2016-17 budget.

STAFF RECOMMENDATION: Approval.

Motion by Vice Mayor Hood, second by Commissioner Warren to approve the 2016-17 Budget Reforecast.

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

Nays: None

Absent: German

E. Request for Authorization to Sign Planning & Economic Development

SUMMARY OF REQUEST: Request to authorize Mike Franzak from the Planning Department to sign purchase agreements and closing documents for the Midtown Square Homes.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval to authorize.

Motion by Commissioner Rinsema-Sybenga, second by Vice Mayor Hood to authorize Mike Franzak from the Planning Department to sign purchase agreements and closing documents for the Midtown Square Homes.

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

Nays: None

Absent: German

PUBLIC PARTICIPATION: No public comments were received.

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

Respectfully Submitted,

Ann Marie Meisch, Clerk