

CITY OF MUSKEGON

CITY COMMISSION MEETING

MAY 13, 2014

CITY COMMISSION CHAMBERS @ 5:30 P.M.

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 13, 2014.

Mayor Gawron opened the meeting with a prayer from Vice Mayor Spataro after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen Gawron, Vice Mayor Lawrence Spataro, Commissioners Willie German, Dan Rinsema-Sybenga, Byron Turnquist, and Ken Johnson, City Manager Franklin Peterson, City Attorney John Schrier, and City Clerk Ann Marie Cummings.

Absent: Commissioner Eric Hood (excused)

2014-35 HONORS AND AWARDS:

A. Muskegon High School Big Reds Basketball Team – 2014 State Champions.

B. Deshaun Thrower – Hal Schram Mr. Basketball Trophy.

Mayor Gawron congratulated the coach and members of the Muskegon High School Big Reds Basketball Team as the 2014 State Champions. Deshaun Thrower was unable to attend the meeting due to being away at school.

2014-36 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve minutes of the April 22nd City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

B. Memorandum of Understanding – Justice Assistance Grant. PUBLIC

SAFETY

SUMMARY OF REQUEST: The Director of Public Safety requests that the Commission authorize the Director and the City Manager to enter into an agreement with the City of Muskegon Heights and Muskegon County in regards to the disbursement of the FY 2014 Justice Assistance Grant. It is further requested that the Mayor be authorized to sign the Memorandum of Understanding. Note that time is of the essence as this grant requires a 30 day governing body review period before the grant submission and the grant deadline is June 10.

Although the Bureau of Justice Assistance has designated us as being in a disparate funding situation due to the County providing more than 50% of the jail facilities, our proposal is to keep the allocations exactly as they initially came down from the BJA which is as follows: County of Muskegon \$0; City of Muskegon \$30,709 and City of Muskegon Heights \$19,903. Note that BJA uses crime data versus population in making these allocation decisions.

The City of Muskegon portion is planned to be used in continuation of the manner in which the previous year's JAG funding was used which is for the prosecution of city ordinance cases dealing primarily with neighborhood issues. A prosecutor was hired specifically for this under a previous fiscal year JAG Grant.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Staff recommends approval of this request.

D. Interlocal Agreement – 2014 Port Security Grant. PUBLIC SAFETY

SUMMARY OF REQUEST: The Director of Public Safety requests that the Commission authorize the Director and the City Manager to enter into an agreement with the County of Muskegon in regards to the 2014 Port Security Grant. It is further requested that the Mayor be authorized to sign the Interlocal Agreement.

The City of Muskegon portion of this project will be approximately \$90,000 and is planned for Fire Communications Equipment and Police Cyber-Crime Equipment and Training. The grant requires a 25% local match. Thus the federal dollars will be approximately \$67,500 and the local match approximately \$22,500.

FINANCIAL IMPACT: The local match is planned to either come from existing budget line items or to be in-kind.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Staff recommends approval of this request.

E. Farmers' Market – ATM Lease. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Fifth Third Bank has donated a significant amount to the new downtown Muskegon Farmers' Market. They also anticipate partnering with the Farmers' Market in the future for educational endeavors and events. Due to this partnership, Fifth Third is providing an ATM at the new Farmers' Market. The location of the ATM will be to the north of the main entrance to the Farmers' Market building office/commercial kitchen.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the lease agreement and authorize the Mayor and Clerk's signatures.

G. Finance Division Restructure. FINANCE

SUMMARY OF REQUEST: As described in the memo, staff is recommending the restructure of the Finance Division. The main elements of this restructure are: 1) appointment of Kenneth Grant as City Treasurer, 2) elimination of the Income Tax Administrator/Deputy Treasurer position to be replaced with the Treasury Services Supervisor position.

FINANCIAL IMPACT: The proposed restructure will save approximately \$33,000 annually.

BUDGET ACTION REQUIRED: We anticipate this restructure to be incorporated into the 2015 budget process.

STAFF RECOMMENDATION: Approval.

I. Charter Communications – METRO Act Permit. ENGINEERING

SUMMARY OF REQUEST: Approve the request for a permit from Charter Communications and authorize the Mayor to sign the permit.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approve the permit and sign the documents.

Motion by Vice Mayor Spataro, second by Commissioner Johnson to adopt the Consent Agenda with the exception of items C, F, and H.

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

Nays: None

MOTION PASSES

2014-37 ITEMS REMOVED FROM THE CONSENT AGENDA

C. Memorandum of Understanding – 2014 Project Safe Neighborhoods.
PUBLIC SAFETY

SUMMARY OF REQUEST: The Director of Public Safety requests that the Commission authorize the Director and the City Manager to enter into an agreement with the County of Muskegon and City of Muskegon Heights in regards to the 2014 Violent Gang and Gun Reduction (Project Safe Neighborhoods) Grant. It is further requested that the Mayor be authorized to sign the Memorandum of Understanding on behalf of the City of Muskegon.

The City of Muskegon portion of this project, should the grant be approved, will be \$60,640 which will be used for targeted enforcement activities at gang/gun crimes as well as analysis leading to those areas needing this targeted enforcement, above what would be possible under our regular budget.

This is a multijurisdictional project involving the County Prosecutor, Muskegon and Muskegon Heights Police Departments, the U.S. Attorney's Office as well as other agencies to address not only the enforcement piece but also the prosecution of gang and gun activities at the highest level possible. The total grant amount being applied for is \$300,000.

FINANCIAL IMPACT: None, this grant does not require a match.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Staff recommends approval of this request.

Motion by Vice Mayor Spataro, second by Commissioner German to adopt the agreement regarding the Safe Neighborhoods Grant.

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

Nays: None

MOTION PASSES

F. Farmers' Market – First Amendment to Purchase Agreement.
PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Due to the weather conditions during the winter of 2013-2014, the construction of the new downtown Farmers' Market has taken longer than anticipated. Although the Farmers' Market was able to open as scheduled, on May 3, 2014, the entire construction will not be complete until just prior to the Grand Opening on May 24, 2014. Therefore, it was necessary to enter into an "Amendment to Purchase Agreement". The Amendment allows for the Farmers' Market operation prior to the official closing on the property, with the City "fully responsible for any and all liability related to operating the farmers' market" during that time. The closing is moved to July 3, 2014, or before.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the "First Amendment to Purchase Agreement" and authorize the City Manager's signature (after the fact).

Motion by Commissioner German, second by Commissioner Johnson to approve the "First Amendment to Purchase Agreement" and authorize the City Manager's signature after the fact.

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

Nays: None

MOTION PASSES

H. Small Distiller License. CITY CLERK

SUMMARY OF REQUEST: The Liquor Control Commission is seeking local recommendation on a request from Cody Wasilchenko, Distillery 43 LLC, for a Small Distiller License to be located at 435-441 W. Western Avenue.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval.

Motion by Vice Mayor Spataro, second by Commissioner Rinsema-Sybenga to approve the small distiller license request.

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

Nays: None

MOTION PASSES

2014-38 NEW BUSINESS:

A. 2014-2015 Healthcare Renewal. FINANCE

SUMMARY OF REQUEST: It is time to renew the City's healthcare coverage for 2014-15 plan year (6/1/14- 5/31/15). Renewal premiums for the City's current healthcare program came in at an 11.68% increase over the current year. However, by changing to an 80/20 coinsurance plan and increasing the deductible from \$1,000/\$2,000 to \$2,000/\$4,000, the net result is a premium decrease of 2.62% from the current year. Last year we experienced a 5.04% increase and in 2012-13 the increase was 7.90%. In comparative terms, many employers are experiencing sharp double-digit rate increases. Also, the City's healthcare costs remain well below the "hard cap limits" set by PA 152 and

remain cost competitive with the standards set by EVIP for new hires. These are good independent indicators that the City's program is cost-effective.

For 2014-15, the City will continue to pay the HRA deductible if the employee and spouse completed the four-step wellness initiative prior to April 30th; non-participants in the wellness program will continue to pay the first \$500 (single)/\$1,000 (double/family) of the deductible.

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

	2014-15			2013-14		
	Single	Double	Family	Single	Double	Family
Monthly Premium	\$ 421.37	\$ 948.08	\$ 1,137.70	\$ 432.74	\$ 973.67	1,168.40
Rate Change	(2.62%)	(2.62%)	(2.62%)	5.04%	5.04%	5.04%
Annual Premium	5,056.44	11,376.96	13,652.40	5,192.88	11,684.04	14,020.80
Current # Employees	33	34	118	33	34	118
Total Annual Premium	166,862.52	386,816.64	\$ 1,610,983.20	171,365.04	397,257.36	\$ 1,654,454.40
		2,164,662.36			2,223,076.80	
Add: HRA Deductibles Paid by City		160,000.00			134,356.52	
Less: 10% Employee Premium Copays		<u>(216,466.23)</u>			<u>(222,307.68)</u>	
Equals: Employer Cost		\$2,108,196.13			\$2,135,125.64	
	2014 PA 152 Hard Cap Limits			2013 PA 152 Hard Cap Limits		
	\$ 5,857.58	\$ 12,250.00	\$ 15,975.23	\$ 5,692.50	\$ 11,385.00	\$ 15,525.00
	193,300.14	416,500.00	1,885,077.14	187,852.50	387,090.00	1,831,950.00
		\$2,494,877.28			\$2,406,892.50	

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

BUDGET ACTION REQUIRED: Employee and retiree healthcare costs will be included in the forthcoming 2014-15 budget.

STAFF RECOMMENDATION: Authorize staff to execute documents with Priority Health to renew employee healthcare coverage for the coming year with an 80/20 coinsurance and \$2,000/\$4,000 deductible.

Motion by Commissioner Johnson, second by Commissioner German to authorize staff to secure agreement with Priority Health to renew employee healthcare coverage for the coming year.

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

Nays: None

MOTION PASSES

PUBLIC PARTICIPATION: Public comments were received.

ADJOURNMENT: The City Commission Meeting adjourned at 6:15 p.m.

Respectfully submitted,

Ann Marie Cummings, MMC
City Clerk