CITY OF MUSKEGON

CITY COMMISSION MEETING

MARCH 14, 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, March 14, 2017. George Monroe, Evanston Avenue Baptist Church, 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 (arrived at 5:32 p.m.), 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. <u>Designation of Pine Street from Apple Avenue to Webster Avenue</u>

The section of Pine Street between Apple Avenue and Muskegon Avenue will be designated as **Bill Gill Way** in recognition of his years of dedicated service on the Muskegon County Board of Commissioners and in the community. The sign designation will be placed on top of existing street name signs, not impacting any addresses. The designated Street Sign was presented.

2017-19 CONSENT AGENDA:

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

SUMMARY OF REQUEST: To approve the minutes of the February 28, 2017 Regular City Commission Meeting.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the minutes.

B. <u>Audit Contract Extension</u> Finance

SUMMARY OF REQUEST: The City recently completed its contract for audit services with Brickley DeLong. The firm has approached the City with a proposal to extend the contract for five years. This proposal includes fees at the same rate for the 2017 audit as was charged for the 2016 audit. There is a 2% increase each year for the 2018 and 2019 audits, followed by an increase of 3% each year for the 2020 and 2021 audits.

The City has had a successful relationship with Brickley for a number of years and has enjoyed a smooth and efficient annual audit process. With current staff levels and increased demands on staff time, we believe it is prudent to continue this relationship. Additionally, Brickley is a major downtown employer and the only CPA firm located in the City qualified to perform our audit with a significant presence in the governmental auditing field.

FINANCIAL IMPACT:

Fiscal Year	2016	2017	2018	2019	2020	2021
Previous Fee	$36,550	-	-	-	-	-
Proposed Fee	-	$36,550	$37,280	$38,025	$39,165	$40,340

BUDGET ACTION REQUIRED: Future budgets will include the amounts shown above.

STAFF RECOMMENDATION: Approval

C. <u>Development and Reimbursement Agreement for Construction of Dock at Fisherman's Landing</u> Finance

SUMMARY OF REQUEST: To approve a development and reimbursement agreement between the City and Fisherman's Landing, Inc. The agreement will enable construction of a new dock at Fisherman's Landing and provides for Fisherman's Landing, Inc. to reimburse the City for $100,000 of the construction costs as a loan.

FINANCIAL IMPACT: $100,000 loan from the City's Revolving Loan Fund to Fisherman's Landing, Inc.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the agreement.

E. <u>Source Water Protection Plan Agreements; Grant & Engineering</u> Water Filtration Plant

SUMMARY OF REQUEST: Authorize Staff to enter into agreements with MDEQ for a $15,000 grant which requires a 100% City match, and an engineering agreement with Tetra Tech to prepare a Source Water Protection Plan as recommended by MDEQ.

Tetra Tech is being recommended since they were the engineer who prepared the grant application and their familiarity with the City's filtration plant. The engineering cost is "not to exceed" $30,000.

FINANCIAL IMPACT: The total cost of this purchase is $30,000 for engineering of which $15,000 is grant money and the other $15,000 from the City's water fund.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Authorize Staff to sign both agreements; accepting the grant with MDEQ and the engineering agreement with Tetra Tech.

F. <u>PILOT – Ordinance Amendment – Amazon</u> Planning & Economic Development

SUMMARY OF REQUEST: Muskegon Redevelopment Limited Housing Authority purchased the Amazon property in 2016. There is currently no PILOT for the property, although it is a Low Income Housing Tax Credit (LIHTC) project. In order to obtain the financing necessary to make additional capital improvements to the Amazon, a Pilot is required. Since the Property is within the City's Downtown Development Authority (DDA), the PILOT will result in a decrease of taxes being paid into the DDA. An amendment to the current PILOT Ordinance (#2303) is being recommended for Section 82-51(1), changing the service charge for the PILOT from 4 percent minimum to 3 percent minimum. The City is able to capture an additional percentage for the City service fee.

FINANCIAL IMPACT: The Ordinance amendment would allow for a lower minimum percent of service charge.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: If the City Commission agrees that the PILOT is necessary for this property, staff recommends that the Ordinance amendment be approved and the Clerk be authorized to sign the necessary documents.

G. <u>PILOT – Muskegon Redevelopment Limited Dividend Housing Authority (Amazon)</u> Planning & Economic Development

SUMMARY OF REQUEST: Mr. Back of Muskegon Redevelopment Limited Dividend Housing Authority is requesting a Payment in Lieu of Taxes (PILOT) for the Amazon property (550 W. Western). The property is currently a MSHDA LIHTC (Low Income Housing Tax Credit) project. Normally, LIHTC properties also have PILOT Agreements, which allow them to make improvements over time, despite restricted rents. Since the Amazon was originally in a Renaissance Zone, a PILOT was not initially received. The property is no longer in a Renaissance Zone. Muskegon Redevelopment Limited Dividend Housing Authority purchased the building out of bankruptcy in 2016 and they have put a significant amount of investment into the property. However, additional major capital improvements are necessary, and the only way the funds will be available is through a PILOT designation. Fortunately, Muskegon Redevelopment Limited Dividend Housing Authority is only requesting a five year PILOT for the Amazon. This will enable the owner to make the necessary improvements, while providing additional market-rate units in the facility. The long-term goal is to increase the number of these market-rate units. Currently, the development includes 49 units (60% Area Median Income), 61 units (50% Area Median Income) and 12 units (Market-Rate); as well as five commercial units (with plans to convert some of these to market-rate apartments). The Amazon Apartments contain 1-, 2-, and 3-bedroom units, common area, a community room, and outdoor courtyard. The minimum service charge of 3% will be imposed (assuming the PILOT Ordinance Amendment is first approved by City Commission) as well as an essential service fee to the City of 3%.

FINANCIAL IMPACT: The loss of the taxes to the DDA will be substantial. However, the taxing jurisdictions will benefit from the 3% PILOT and the City will benefit from the 3% essential service fee. In addition, the PILOT is only approved for five years. Meanwhile, Muskegon Redevelopment Limited Dividend Housing Authority partners are involved in several other projects downtown which have, and will, increase the tax base for the DDA.

BUDGET ACTION RECOMMENDED: None at this time.

STAFF RECOMMENDATION: To approve the "Contract for Housing Exemption" and "Development Agreement" and authorize the Mayor and Clerk to sign.

Motion by Commissioner German, second by Commissioner Johnson, to approve the consent agenda as presented, minus item D.

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

Nays: None

MOTION PASSES

2017-20 ITEMS REMOVED FROM THE CONSENT AGENDA:

D. Summer Youth Park Program Recreation Program Contract – Boys and Girls Club of Muskegon Planning & Economic Development

SUMMARY OF REQUEST: The City of Muskegon is recommending approval of the Contract with the Boys and Girls Club of Muskegon for the management of the 2017 Summer Youth Park Recreation Program. For the past several years, the City of Muskegon has provided the majority of the Leisure Services funds for the Summer Park Youth Recreation Program. The YMCA managed the program for several summers, and the Boys and Girls Club took over management for the summer of 2016. This Contract is consistent with the memo sent to the City

Commission by the Director of Community & Economic Development in December 2016. For 2017, the Boys and Girls Club of Muskegon will operate in four sites in the City, three of which are funded by the City of Muskegon (Smith Ryerson Park, Reese Park, and Seyferth Park). The anticipated total cost of the program for 2017 in the City of Muskegon is $96,381. It is proposed that the City provide $45,000 towards the program's management for 2017 and 2018. The Contract is for two years. However, if funding is no longer available in the future, the Contract can be cancelled.

FINANCIAL IMPACT: It is anticipated that the funding will be disbursed from future Community Development Block Grant Leisure Services Fund.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To approve the Summer Youth Park Program Proposal and Contract and authorize staff to enter into an agreement with the Boys and Girls Club of Muskegon.

Motion by Commissioner Warren, second by Commissioner Rinsema-Sybenga, to approve the Summer Youth Park Program Proposal and Contract and authorize staff to enter into an agreement with the Boys and Girls Club of Muskegon.

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

Nays: None

MOTION PASSES

2017-21 PUBLIC HEARINGS:

A. <u>Recommendation for Annual Renewal of Liquor Licenses</u> City Clerk

SUMMRY OF REQUEST: To adopt a resolution recommending the non-renewal of those liquor license establishments who are in violation of Section 50-146 and 50-147 of the Code of Ordinance for the City of Muskegon. These establishments have been found to be in non-compliance with the City Code of Ordinances and renewal of their liquor licenses should not be recommended by the City Commission. If any of these establishments come into compliance by March 14, 2017, they will be removed from this resolution, and recommendation for their renewal will be forwarded to the Liquor Control Commission.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Adoption of the resolution.

PUBLIC HEARING COMMENCED: No public comments were received.

Motion by Commissioner Rinsema-Sybenga, second by Commissioner Warren,

to close the public hearing and adopt the resolution recommending state withhold renewal of liquor license for code violations. (NONE)

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

Nays: None

MOTION PASSES

B. <u>Public Hearing – Establishment of a Commercial Redevelopment District – 1205 Peck Street</u> Planning & Economic Development

SUMMARY OF REQUEST: Pursuant to Public Act 255 of 1978, as amended, 1205 Peck LLC has requested the establishment of a Commercial Redevelopment District. The creation of the district will allow the building owner to apply for a Commercial Facilities Exemption Certificate, which will freeze the taxable value of the building and exempt the new real property investment from local taxes.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Establishment of the Commercial Redevelopment District.

STAFF RECOMMENDATION: Adoption of the resolution.

PUBLIC HEARING COMMENCED: Al Green asked if the business has any disabled employees.

Motion by Commissioner Rinsema-Sybenga, second by Vice Mayor Hood, to close the public hearing and establish the Commercial Redevelopment District at 1205 Peck Street.

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

Nays: None

MOTION PASSES

C. <u>Public Hearing – Issuance of a Commercial Facilities Exemption Certificate – 1205 Peck LLC</u> Planning & Economic Development

SUMMARY OF REQUEST: Pursuant to Public Act 255 of 1978, as amended, 1205 Peck LLC has requested the issuance of a Commercial Facilities Exemption Certificate. The certificate will freeze the taxable value of the building and exempt the new real property investment from local taxes. The company will be investing $70,000 in the building and will create 12 new jobs, which qualifies them for an abatement of 10 years.

FINANCIAL IMPACT: The real property taxes would be frozen at their pre-rehabilitated rate for the duration of the certificate.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Issuance of the Commercial Facilities Exemption Certificate.

PUBLIC HEARING COMMENCED: No public comments were received.

Motion by Commissioner Warren, second by Commissioner Johnson, to close the public hearing and issue the Commercial Facilities Exemption Certificate for 1205 Peck LLC

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

Nays: None

MOTION PASSES

2017-22 NEW BUSINESS:

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

1153 Pine

1451 Park

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.

FINANCIAL IMPACT: General Funds

BUDGET ACTION REQUIRED: None.

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

Motion by Commissioner Rinsema-Sybenga, second by Commissioner Turnquist, to concur with the Housing Board of Appeals decision to demolish 1153 Pine and 1451 Park Street.

<u>Motion to Amend</u> Motion by Commissioner Rinsema-Sybenga, second by Commissioner Turnquist, to amend the motion to remove 1451 Park Street from the motion to demolish.

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

Nays: None

MOTION PASSES

<u>Motion to Table</u> Motion by Commissioner Rinsema-Sybenga, second by Vice Mayor Hood, to table the motion to demolish 1451 Park Street until the second meeting in May 2017 – work to be completed by May 12.

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

Nays: None

MOTION PASSES

<u>VOTE ON ORIGINAL MOTION</u> **(AMENDED TO REMOVE AND TABLE 1451 PARK ST)**

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

Nays: None

MOTION PASSES

B. <u>Arena Proposal – Rad Dad's</u> City Manager

SUMMARY OF REQUEST: City Staff has been working with a group of local business owners interested in creating a restaurant and bar to service the LC Walker Arena and also provide more daily food/beverage options to the downtown community. ***<u>Rad Dad's Taco and Tequila Bar</u>*** is proposing to lease approximately 3,500 square feet of concourse space in the arena and 500 square feet of outdoor space to provide outdoor dining space at the corner of Western Avenue and 4th Street. In addition to operating Rad Dad's Taco and Tequila Bar, the ownership group is interested in entering into a management agreement to operate the arena's numerous concession stands during event days.

The owners would like to open by June 1, 2017. Staff would like to begin implementation of the concession management contract in August, with the expectation that full implementation will take place prior to the beginning of the Lumberjacks' 2017-18 hockey season.

FINANCIAL IMPACT: Build-out costs are expected to be less than $350,000. If build out costs are at $350,000, the tenant's initial lease rate will be $43,750 annually for both interior and outdoor space. In the event that costs fall below or exceed $350,000, any amount over or under $350,000 will be added to or subtracted from the tenant's lease rate as follows: for every dollar of variance, the tenant's annual rent will increase/decrease by 12.5 cents. Regardless of savings, rent will be no less than $35,000 annually.

BUDGET ACTION REQUIRED: $350,000 Capital Improvement is expected; the budget will be included as part of the 3rd Quarter Budget Reforecast.

STAFF RECOMMENDATION: To approve the request and authorize the City Manager to negotiate final lease and management terms.

Motion by Commissioner Johnson, second by Commissioner German, to approve the request and authorize the City Manager to negotiate final lease and management terms.

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

Nays: None

MOTION PASSES

C. <u>Letter of Intent for Loan</u>

SUMMARY OF REQUEST: To approve the request from 351 W Western LLC to have staff draft a Letter of Intent to fund a portion of the project through the city's Revolving Loan Fund and to commit to preleasing 10 residential units. Staff would draft the letter for the mayor to sign.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval to draft the Letter of Intent.

Motion by Commissioner Johnson, second by Commissioner Warren, to approve the drafting of a letter of intent.

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

Nays: None

MOTION PASSES

2017-24 ANY OTHER BUSINESS:

To formalize the designation of the portion of Pine Street between Apple Avenue and Muskegon Avenue a resolution has been prepared designating same in recognition of the years of service of Bill Gill on the Muskegon County Board of Commissioners and in the community in general.

Motion by Vice Mayor Hood, second by Commissioner German, to adopt the resolution recognizing the dedicated service of Bill Gill to the Muskegon County Board of Commissioners and to the community.

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

Nays: None

MOTION PASSES

PUBLIC PARTICIPATION: Public Comments were received

ADJOURNMENT: The City Commission Meeting adjourned at 7:05 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC, City Clerk