

City of Muskegon

Work Session

Minutes

March 13, 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
Deputy City Clerk Kimberly Young

1. Call to Order

The Worksession meeting was called to order by Mayor Johnson at 5:30 p.m.

2. New Business

2.a Shoreline Drive Phase 1 Study Results

Staff would like to present an update on the preliminary findings from the Shoreline Drive project. See attached for preliminary report details. Staff will be seeking feedback and direction moving forward for potential future phases of the project.

Dan VanderHeide, Director of Department of Public Works, introduced Chris Zull, Progressive AE. Chris Zull presented the study results of the Shoreline Drive Phase 1 Study. Discussion took place regarding the Shoreline Drive Diet. DPW is looking to continue the PILOT and does not have any recommendations at this time on the future of this space. They will present options for what this space

would look like based on results of the study and the desire of the Commission. This will be years down the road and will depend on funding, feasibility, etc. The City is evaluating these improvements to the corridor to reduce travel speeds, connect the downtown to the lakeshore, and create more vibrancy in the area.

Discussion took place regarding Phase 2 of the Shoreline Drive Road Diet and Commission consensus is to move forward.

2.b South Breakwater Lighthouse

Staff will brief the City Commission on the needed restoration of the Muskegon South Breakwater Lighthouse that is under the stewardship of Michigan Lighthouse Conservancy through a 2010 lease with the U.S. Army Corps of Engineers. Staff recommends the City of Muskegon assume the MLC's lease that runs through 2035 and lead the restoration project.

Please find these attachments:

1. Staff memo outlining the restoration project.
2. Photos of the lighthouses from Barb Lowry and Jeremy Church
3. Executive summaries from 2015 and 2018 investigation of the lighthouse's condition.
4. June 2022 engineering estimates of rehabilitation items
5. Copy of the MEDC grant agreement with the city and very preliminary budget
6. Copy of the MLC lease with the U.S. Army Corps of Engineers (transfers and assignments on page 2).

City staff is looking for feedback from the commission and consensus on moving forward with assuming the stewardship of the lighthouse and leading the restoration.

AMOUNT REQUESTED: Remainder of funds would be privately raised.

AMOUNT BUDGETED: \$800,000 (first \$400,000) in a MEDC grant.

Item for information only. Commission consensus is to move forward to assume the lease and stewardship. More information will come later.

2.c Nelson House Presentation

Staff will present a potential project to move the historic Nelson House to a City owned vacant lot. Staff and the Historic District Commission have heard interest from the public in preserving the Nelson House, located at 1292 Jefferson Street. The house is currently owned by Muskegon Public Schools and slated for demolition later in 2023. The house was built as the home of Charles D. Nelson, a prominent Muskegon citizen for whom Nelson School and Nelson Neighborhood are named. The proposal at this time is for the City to explore funding options for acquiring the house and moving it to 382 W. Muskegon Avenue – the last remaining lot in the Historic Infill Area in the Houston Historic District. If moved to this location, the house would then be listed for sale in as-is condition and ultimately rehabilitated by a private owner.

AMOUNT REQUESTED: \$190,000-\$225,000

FUND OR ACCOUNT: TBD

Planner, Jamie Pesch, presented information on the history of the Nelson House. Discussion took place regarding the possibility of moving the home to another location on Muskegon Avenue. Commission is generally supportive of further exploring this opportunity. The idea is that the home would be located in a Historic District, new owners would be expected to make necessary improvements and to go through the Historic District Commission to have improvements approved.

No. 2023-40

Motion by: Commissioner Emory

Second by: Commissioner St.Clair

To suspend the rules and allow public comment regarding the Nelson House before the end of the meeting.

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

MOTION PASSES (7 to 0)

2.d 1095 Third Street Proposal Reviews

Two Low Income Housing Tax Credit firms and one market rate developer have all approached us on the Catholic Charities parcel, and we have solicited proposals on their concepts for staff and commission review.

We have received consistent interest in this site over the past 8-10 months, but it has been under contract with another developer. Now that firm has bowed out due to market conditions, and we have proposals from other entities that wish to complete infill housing and/or mixed-use projects at the site. The building currently sits empty, and we have our facilities team routinely checking it for utility issues and any potential dumping/blight/vandalism problems. Thus far we have been quite lucky and there are minimal issues. We did just have a boiler component fail, so we cut off the gas and turned off the water to the building to avoid any damage.

The building should not sit vacant under our ownership for another year as it will continue to deteriorate, and it presents a powerful opportunity to address the housing shortage we are experiencing in the community. To that end, staff has requested the various firms that have inquired about the building to show us what they are proposing, and would like commission feedback in selecting a preferred firm. As this was not a formal RFP, rather than make a specific recommendation staff will review each proposal and highlight pros and cons from each. We hope to move forward with direction on a preferred private sector partner from the commission's perspective as they all offer different scopes, and will return to you with a proposed development agreement in an upcoming meeting.

Jake Eckholm, Director of Development Services, provided an overview of the status of the Catholic Charities parcel. Three proposals have been submitted. Director Eckholm provided a summary of the proposal from Spire. Discussion took place of pros and cons. Two of the three proposals would be LITC housing - Low Income Tax Credit. Shawn McMickell from Spire was in attendance and addressed the Commission and answered some questions. There is also a proposal from General Capital - Director Eckholm provided a summary of the proposal from General Capital. General Capital proposes 51 units, some of which could be live/work. Josh Haffron from General Capital was in attendance and made comments and took questions. The third proposal is from West Urban Properties. Dave Dusendang proposes a hybrid approach to the project. Mr. Dusendang made comments about his proposal for developing the building on Third Street. Development Services is looking for the commission to select a

developer to move forward with. This item will be on the agenda for the March 14, 2023 Meeting.

2.e Water Rate Analysis Presentation

Staff will present the results of a water rate analysis, including recommendations for water and sewer rates for the 2023-24 fiscal year. Working with Warren Creamer of MFCI and Prein & Newhof consulting engineers, staff developed a capital improvement plan as well as a water and sewer rate analysis methodology and result that will be presented to the Commission for information and discussion. The discussion will focus on ways to increase revenue in the water fund.

Dan VanderHeide, Public Works Director, presented information about how to deal with the debt of our water/sewer fund. Commission is generally supportive of the presented solution.

3. Public Comment

Public comment was received.

4. Adjournment

The Work Session meeting adjourned at 9:40 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC - City Clerk