CITY OF MUSKEGON

CITY COMMISSION MEETING

MARCH 8, 2022 @ 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, Michigan at 5:30 p.m., Tuesday, March 8, 2022. Pastor Tom Beetham, Lakeside 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 Ken Johnson, Vice Mayor Willie German, Jr., Commissioners, Teresa Emory, Rachel Gorman, Rebecca St.Clair, Eric Hood, and Michael Ramsey, Deputy City Manager LeighAnn Mikesell, City Attorney John Schrier, and City Clerk Ann Meisch.

HONORS, AWARDS, AND PRESENTATIONS:

Muskegon County Bicycling Coalition

Ray McLeod, President of the Muskegon County Bicycling Coalition, spoke to the City Commission. He and his wife started a couple of bicycling groups for all types of cyclists. The group advocates by offering assistance with "passing" ordinances and providing input on 5-year plans to cities in the area. They appreciate the Lakeshore Trail and the Laketon Trail. The Coalition supports the Lakeshore/Laketon Connector Trail that is on the agenda for a vote tonight. The trails are also used by people that don't consider themselves cyclists but do use the trails and use their bikes as everyday transportation. They will also benefit from this infrastructure.

PUBLIC COMMENT ON AGENDA ITEMS: Public comments were received.

2022-20 CONSENT AGENDA:

A. Approval of Minutes City Clerk

SUMMARY OF REQUEST: To approve the minutes of the February 7, 2022 Worksession Meeting and the February 8, 2022 Regular Meeting.

STAFF RECOMMENDATION: To approve the minutes.

B. Water Intake System Cleaning & Inspection Public Works

SUMMARY OF REQUEST: Staff is requesting authorization to contract with Lindahl Marine to clean and inspect the water intake system at the Water Filtration Plant.

The Water Filtration Plant intake system permits the flow of water from Lake Michigan into the water plant for treatment. This system includes a 60" diameter pipeline that originates at the Water Plant and terminates at the bottom of Lake Michigan, where it is protected with a crib structure.

The project is divided into two parts. The first part is an inspection using an ROV to verify the integrity of over 5,000 feet of pipe. The second part involves a professional diver performing an inspection and cleaning of the crib structure. Growth of mussels on the crib structure is common, and this growth can eventually lead to a reduction in water flow. The diver will also remove sediment and debris from the bottom of a portion of the pipe, which helps maintain adequate water flow and also improves water quality. The intake system was last inspected in 2017.

Sealed bids were accepted until February 15, 2022. Three bids were received, although one did not meet the requirements of the RFP. Staff recommends that Lindahl Marine be awarded the contract as the lowest bidder with a proposal that meets the requirements of the RFP. This project was budgeted as part of the FY 2021-2022 capital improvements projects at the Water Filtration Plant.

Contractor	Price
Lindahl Marine	$49,000.00
Great Lakes Dock & Materials	$81,287.00

AMOUNT REQUESTED: $49,000 AMOUNT BUDGETED: $75,000

FUND OR ACCOUNT: 591-92034-5346

STAFF RECOMMENDATION: Authorize staff to contract with Lindahl Marine in the amount of $49,000 for services related to the cleaning and inspection of the water intake system at the Water Filtration Plant.

C. Liquid Sodium Hypochlorite – Changer Order #005 Public Works – Filtration

SUMMARY OF REQUEST: Staff is requesting authorization to accept the temporary price increase of liquid sodium hypochlorite from Alexander Chemical.

The Water Filtration Plan uses sodium hypochlorite in the production of drinking water. The application of sodium hypochlorite is one of several crucial processes used to inactivate or remove pathogens from the water. Since 1996, the Water Filtration Plan has obtained this treatment chemical at a significant cost savings by soliciting competitive bids jointly with the cities of Grand Haven, Grand Rapids, Holland, Muskegon Heights, and Wyoming.

The sodium hypochlorite supply chain was initially disrupted from a shutdown of industrial manufacturing due to Covid-19. Major production facilities in the Gulf Coast region experienced a series of natural disasters that further disrupted the industry. By early 2021, major suppliers were declaring force majeure. Production facilities in other locations experienced equipment failures and other problems. It is expected the market will not stabilize for another 24 months. This combination of events led the EPA to provide guidance on how water utilities could use the Department of Commerce or the Defense Production Act to obtain treatment chemicals if their supply was interrupted. Our supplier of liquid sodium hypochlorite, Alexander Chemical, has been able to obtain a limited supply of these materials in order to keep us supplied. However, it has come at an increased cost due to rising material prices.

At the November 9, 2021 meeting, the Commission approved a change order from Alexander Chemical for a temporary price increase from $205.58 per ton to $290 per ton. An increase from $290 per ton to $320 per ton was approved at the staff level in December 2021. Alexander Chemical is requesting another temporary price increase to $370 per ton until the market stabilizes, and they have agreed to maintain this price through the first quarter. Grand Rapids holds the master agreement for the purchasing cooperative and has already approved this change order. The cooperative does not believe that soliciting other bids would provide reduced pricing. This is an industry-wide problem, and these challenges exist for any company supplying this product.

Prior to this increase, the Water Filtration Plant spent $62,592.72 to procure liquid sodium hypochlorite. If this temporary price increase remains in effect for the remainder of the fiscal year, it is estimated an additional $77,000 will be spent, bringing the FY21-22 total cost to $139,592.72. Liquid sodium hypochlorite is included in the budget, but the actual amount spent will depend on the volume of the water treated, the quality of the source water, and the duration of any temporary price increases. This additional request will be addressed in a budget reforecast if necessary.

Staff has reviewed the available options and there are no alternatives that would result in a different outcome or a price savings for the city.

AMOUNT REQUESTED: $139,592.72 (estimate)   AMOUNT BUDGETED: $72,864.00

($18,118.70 over last request)

FUND OR ACCOUNT: 591-60558-5219

STAFF RECOMMENDATION: Authorize staff to purchase liquid sodium hypochlorite from Alexander chemical at a temporary increased price of $370.00 per ton and authorize the City Manager to approve any subsequent change orders through the remainder of the next 12 months.

D. <u>Laketon/Lakeshore Trail Connector Grant Resolution</u> Public Works

SUMMARY OF REQUEST: Staff is seeking formal resolution of support to submit a grant application to MDOT/MDNR for the Laketon/Lakeshore Trail Connector (LLTC) Project.

Staff is seeking funds through two programs to provide the base funding for construction of a new non-motorized trail named the Laketon/Lakeshore Trail Connector. The trail would be constructed in the road right-of-way along Sandford Street and Terrace Street between Laketon Avenue and Shoreline Drive linking the Laketon Trail and the Lakeshore Trails.

Grant funding is being pursued through two programs TAP (MDOT – Transportation Alternatives Program) and RTP (MDNR – Recreational Trails Program). If successful this grant could provide 60-70% of the funding necessary for the project.

If successful construction would begin as early as 2024.

Staff is recommending approval of the resolution of support.

STAFF RECOMMENDATION: Approve the resolution of support for the MDOT/MDNR grant application and Authorize the Clerk to sign.

G. <u>Arena Participation Agreements</u> City Manager

SUMMARY OF REQUEST: Staff is seeking approval of the participation agreements.

We have been working with the LCC to convert the arena liquor license from a Civic Center License to a DDC license. This has been a cumbersome process, but was necessary to properly operate Rad Dad's and Carlisle's in the space. We are in the home stretch. As part of the change, we were required to convert the existing leases into participation agreements – this is the appropriate terminology to match the activities at he arena. We are seeking approval.

STAFF RECOMMENDATION: Approve the participation agreements for Rad Dad's Tacos and Tequila and Carlisle's Goods and Leisure.

H. <u>Summer Concert Series, Social Sandbox</u> Economic Development - REMOVED

I. <u>Community Relations Committee Recommendations</u> City Clerk

SUMMARY OF REQUEST: To concur with the CRC recommendations to make appointments.

The CRC recommends making the following appointments:

Board of Review – Sherry Burt (Citizen) – term expiring 1/31/2024

Farmers Market Advisory Board – Kelly Balta (Seasonal Crafter/Artisan) –

term expiring 1/31/2025

Housing Code Board of Appeals – Ed Simmons (Citizen) – term expiring 1/31/2025

STAFF RECOMMENDATION: To concur with the recommendation of the CRC to accept the appointments to Board of Review, Farmers Market Advisory Board, and Housing Board of Appeals.

Motion by Commissioner Gorman, second by Commissioner Emory, to accept the consent agenda as presented, minus items E and F.

ROLL VOTE: Ayes: Emory, St.Clair, Johnson, Hood, Ramsey, German, and Gorman

Nays: None

MOTION PASSES

2022-21 REMOVED FROM CONSENT AGENDA:

E. <u>435 Isabella Renovation</u> City Manager

SUMMARY OF REQUEST: Staff is seeking approval to fund the renovation of 435 Isabella Avenue.

This property was originally acquired via tax foreclosure as a project for Community and Neighborhood Services to undertake a renovation as part of the HOME Program. It was eventually determined that the house needed too much work. We had Tim Harvey take a look at it and he feels comfortable renovating the home and maintaining it as a two-unit property. Currently, there are three living units. We feel there is an opportunity to add a third unit if the FBC zoning were secured, as the large garage has a second floor that would convert to a studio apartment. For now, we intend to renovate the main house at a cost of approximately $220,000. This would include all new systems (HVAC, plumbing, and electrical). This would also include upgraded exterior finishes (windows, LP siding, etc.)

AMOUNT REQUESTED: $220,000.00 AMOUNT BUDGETED: $0

FUND OR ACCOUNT: Public Improvement

STAFF RECOMMENDATION: Approve the renovation budget for 435 Isabella at $220,000, and amend the FY 2021-22 Public Improvement Fund Budget to include the project during the fiscal year.

Motion by Vice Mayor German, second by Commissioner St. Clair, to approve the renovation budget for 435 Isabella at $220,000, and amend the FY 2021-22 Public Improvement Fund Budget to include the project during the fiscal year.

ROLL VOTE: Ayes: St.Clair, Johnson, Hood, Ramsey, German, Gorman, and Emory

Nays: None

MOTION PASSES

F. Rezoning 653 Yuba Street Planning

SUMMARY OF REQUEST: Staff initiated request to rezone a portion of the property at 653 Yuba Street from R-1, Low Density Single Family Residential to B-4, General Business. The Planning Commission recommended approval o the rezoning by a 6-0 vote.

STAFF RECOMMENDATION: To approve the request to rezone a portion of the property at 653 Yuba Street from R-1, Low Density Single Family Residential to B-4, General Business.

Motion by Vice Mayor German, second by Commissioner St. Clair, to approve the request to rezone a portion of the property at 653 Yuba Street from R-1, Low Density Single Family Residential to B-4 General Business.

ROLL VOTE: Ayes: Johnson, Hood, Ramsey, Gorman, Emory, and St. Clair

Nays: German

MOTION PASSES

2nd READING REQUIRED

2022-22 PUBLIC HEARINGS:

A. Commercial Rehabilitation District – 130 E Apple Ave Planning

SUMMARY OF REQUEST: Pursuant to Public Act 210 of 2005, as amended, the Forrest Group of West Michigan LLC has requested the establishment of a Commercial Rehabilitation District. The creation of the district will allow the building owner to apply for a Commercial Rehabilitation Certificate, which will freeze the taxable value of the building and exempt the new real property investment from local taxes. The school operating tax and the State Education Tax (SET) are still levied on the new investment. Land and personal property cannot be abated under this act.

Once the Commission approves the establishment of the district, the County has up to 28 days to accept or reject the establishment of the district. If the County does not reject it, then the applicant may apply for the Commercial Rehabilitation Certificate.

STAFF RECOMMENDATION: To approve the request to establish a Commercial rehabilitation District at 130 E. Apple Avenue.

PUBLIC COMMENTS RECEIVED: Talonda Haver, part of the Forrest Group of West MI, asking for establishment of Commercial District – building has been vacant for nine years. Costly repairs are needed to the property.

Motion by Commissioner Ramsey, second by Commissioner Hood, to close the

public hearing and approve the request to establish a Commercial Rehabilitation District.

ROLL VOTE: Ayes: Hood, Ramsey, German, Gorman, Emory, St.Clair, and Johnson

Nays: None

MOTION PASSES

2022-23 UNFINISHED BUSINESS:

A. <u>Ride Muskegon Operating Agreement</u> City Manager

SUMMARY OF REQUEST: City staff updated the proposed operating agreement with Ride Muskegon, LLC to operate a scooter rental business in the City and we are seeking approval.

Staff is recommending approval of the operating agreement. Ride Muskegon, LLC is locally owned and operated. We have incorporated a number of the changes requested by the City Commission last year. This is the latest the agreement can reasonably be approved if they are to acquire the scooters in time for the summer season. We are finalizing a lost of locations and will have that available for the Commission meeting.

STAFF RECOMMENDATION: Approve the operating agreement and authorize the City Manager to sign.

Motion by Commissioner Gorman, second by Commissioner Ramsey, to approve the operating agreement and authorize the City Manager to sign.

ROLL VOTE: Ayes: Ramsey, German, Gorman, and Hood

Nays: Emory, St.Clair, and Johnson

MOTION PASSES

Motion by Commissioner St.Clair, second by Commissioner Emory, for staff to return to the City Commission with proposed final attachments to the Ride Muskegon Operating Agreement for adoption.

ROLL VOTE: Ayes: German, Gorman, Emory, St.Clair, Johnson, Hood, and Ramsey

Nays: None

MOTION PASSES

2022-24 NEW BUSINESS:

A. <u>2nd Quarter Budget Reforecast</u> Finance

SUMMARY OF REQUEST: At this time staff is asking for approval of the 2nd Quarter Budget Reforecast for the FY 2021-22 budget year as presented.

General Fund

Revenues:

Finance adjusted numerous accounts. Some of the notable increases in revenue are listed below:

Traffic Fines & Fees were increased from $200,000 to $235,000. This increase is mostly due to enforcement of paid beach parking.

The General Fund has received an uptick in contributions in the 4805 Fund. Originally, we budgeted $20,000. The 2nd Quarter reforecast is now $130,000.

The Contributions/Grant account originally had nothing budgeted. However, we received several grants from our Michigan Municipal Risk Management Authority to purchase police equipment. The new budget amount is now $75,000.

Marihuana Street Lights contribution line items has been increased to $67,000 the original budgeted amount was $30,000. As of December 2021, we have received almost $40,000 in contributions for street lights from Marihuana businesses.

Expenses:

The most notable expenditure increase in the General Fund is in Park Maintenance. The DPW Director asked to increase his budget by $289,000 mostly for seasonal labor.

The $700,000 for Reese & Beukema was on the wrong budget line and now it is on the right project number.

As of December 31st, our Expenditures are exceeding our Revenues by $1,793,854.

WATER AND SEWER FUNDS

Sewer Expenses:

Again, we are reducing Muskegon County Wastewater Treatment costs to $5,400,000 based on the current projections. The original amount budgeted for 20/21 was $6,000,000 and then was reduced to $5,500,000 in the 1st Quarter.

STAFF RECOMMENDATION: To approve the 2nd Quarter FY 2021-22 Budget Reforecast as presented.

Motion by Commissioner Ramsey, second by Commissioner Emory, to approve the 2nd Quarter FY2021-22 Budget Reforecast as presented.

ROLL VOTE: Ayes: Gorman, Emory, St.Clair, Johnson, Hood, Ramsey, and German

Nays: None

MOTION PASSES

B. <u>Amendment to the Marihuana Facilities Overlay District – Temporary Marihuana Events</u> Planning

SUMMARY OF REQUEST: Staff initiated request to amend Section 2331 of the zoning ordinance to allow temporary marihuana events at 470 W. Western Avenue and 1800 Peck Street.

The Planning Commission made two separate motions on the case. The first was to make a recommendation to the City Commission to approve the request at 470 W. Western Avenue, which passed by a 6-1 vote. The second was to make a recommendation to the City Commission to approve the request at 1800 Peck Street, which passed by a 4-3 vote.

STAFF RECOMMENDATION: To approve the request to amend Section 2331 of the zoning ordinance to allow temporary marihuana events at 470 W. Western Avenue and 1800 Peck Street.

Motion by Commissioner Ramsey, second by Commissioner St.Clair, to approve the request to amend Section 2331 of the zoning ordinance to allow temporary marihuana events at 470 W. Western Avenue.

ROLL VOTE: Ayes: Emory, St.Clair, Johnson, Hood, Ramsey, German, and Gorman

Nays: None

MOTION PASSES

Motion by Commissioner Ramsey, second by Commissioner St.Clair, to approve the request to amend Section 2331 of the zoning ordinance to allow temporary marihuana events at 1800 Peck Street.

ROLL VOTE: Ayes: St.Clair, Johnson, Ramsey, German, and Emory

Nays: Hood and Gorman

MOTION PASSES

2nd READING REQUIRED FOR 1800 PECK STREET

2022-25 ANY OTHER BUSINESS: As a matter of housekeeping – Mayor Johnson would entertain a motion to officially accept the resignation of Frank Peterson, City Manager.

Motion by Commissioner St.Clair, second by Commissioner Emory, to officially accept the resignation of Franklin J. Peterson as City Manager effective April 1, 2022.

ROLL VOTE: Ayes: Johnson, Hood, Ramsey, German, Gorman, Emory, and St.Clair

Nays: None

MOTION PASSES

Also, under Any Other Business, Commissioner Ramsey asked about the tracking of Social District cup and sticker sales. Staff explained that they are tracked. He believes he misheard something. Mayor Johnson asked if the Governor has signed the law allowing special event licenses in the social district. There will be more discussion about possibly extending the district at a later date. Also, Commissioner St.Clair asked if it was necessary to formally accept the resignation of the Public Safety Director, it is not. The position is appointed by the City Manager. There was discussion regarding the interview panel for the Public Safety Director and the opportunity to meet candidates at a meet and greet event.

PUBLIC COMMENT ON NON-AGENDA ITEMS: Public comments were received.

ADJOURNMENT: The City Commission adjourned at 7:55 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC - City Clerk