CITY OF MUSKEGON

CITY COMMISSION MEETING

FEBRUARY 22, 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, February 22, 2022. Reverend Diane Stark, Unity 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, City Manager Franklin Peterson, City Attorney John Schrier, and Deputy City Clerk Kimberly Young.

PUBLIC COMMENT ON AGENDA ITEMS: No public comments were received.

2022-14 CONSENT AGENDA:

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

SUMMARY OF REQUEST: To approve the minutes of the January 25, 2022 Regular Meeting.

STAFF RECOMMENDATION: To approve the minutes.

B. <u>Sale – 760 Leonard</u> Economic Development

SUMMARY OF REQUEST: City staff is seeking authorization to sell the city-owned home at 760 Leonard in Jackson Hill to Brittany Alexander.

The City is constructing this single family detached home as part of our infill housing program. Our contract to construct two homes was for $425,000, and the estimated finished costs of this home will be $215,000. We also anticipated $12,900 in sales commissions. The accepted purchase price is $206,000, and the incurred sales commissions are $10,000, and sellers' concession of $6,000. The City will not contribute funds toward closing costs outside of seller's concession and agent commission. The proceeds of this home will repay a portion of the Priority related Investment made by the Community Foundation for Muskegon County. The sale of the second home in this project should repay the remainder, and any additional funds will reimburse the Economic Development Fund for the

$75,000 investment in the project.

STAFF RECOMMENDATION: Authorize the Code Coordinator to complete the sale of 760 Leonard Street, as described in the purchase agreement, and for the Mayor and Clerk to sign the deed.

C. Peck Street – Change Order #006 Public Works

SUMMARY OF REQUEST: Staff is requesting approval of Change Order #006 on the Peck Street project as the overall project has exceeded staff approval levels for change orders.

Change order #006 represents final balancing of all items on the project and will bring the project to a close. Change order #006 requests a net increase to the project of $100,647.98 above the previously approved requests.

This change order will result in the following final values for the project:

As-Bid Cost = $3,481,438.91

Final Cost = $4,186,417.34

Net Change = $704,978.43 (20.2% increase)

As a note of clarification, several of the previously approved change orders were the result of additional work undertaken at the request of Muskegon Public Schools to facility utility relocations for capital projects at the High School and Middle School sites. Of the $$704,978.43 net increase to the project it is expected that MPS will reimburse the City $467,454.93 resulting in the true cost increase of the project really being $237,523.50 (6.8% Increase).

This increase is still slightly above the 6% budgeted contingency on the projects and will require a slight reforecast adjustment in the future. It should be noted that this project was bundled and bonded in conjunction with the Amity Avenue project (92009). The Amity Avenue project is nearing final closeout and is on track to be finalized at or slightly below the as-bid amount resulting in nearly all of the budgeted 6% contingency from the project being able to cover the slight overrun on Peck Street.

AMOUNT REQUESTED: $100,647.98 AMOUNT BUDGETED: $63,090.94 (Remaining Contingency 92010)

FUND OR ACCOUNT: 202/590/591/92010

STAFF RECOMMENDATION: Authorize staff to approve Change Orders #006 to Project 92010 in the amount of $100,647.98 for the additional work as noted.

D. Western Avenue Fifth to Third Parking Lane Improvements – Contract Award Public Works

SUMMARY OF REQUEST: Staff is requesting authorization to approve a contract with Anlaan Corporation in the amount of $332,863.00

Bids were solicited for a construction project to improve the parking lane along Western Avenue, between Fifth and Third. Anlaan provided the low bid. The bid tabulation sheet is in the packet.

Two alternates were also solicited. Alternate #1 is a different type of bollard post system. Alternate #2 is a different concrete surface finish and texture. The base bid is the preferred construction method, therefore staff recommends acceptance of the base bid and rejection of the alternates.

AMOUNT REQUESTED: $332,863.00 AMOUNT BUDGETED: $300,000

Upcoming Forecast

FUND OR ACCOUNT: 101-91116 & 202-92201

STAFF RECOMMENDAITON: Authorize staff to approve a contract with Anlaan Corporation in the amount of $332,863.00.

E. <u>Hartshorn Marina Village Brownfield Repayment</u> City Manager

SUMMARY OF REQUEST: Staff is seeking approval of the repayment schedule for the Hartshorn Marina Village Brownfield project.

In 2020 the City Commission authorized the issuance of up to $8 Million in general obligation bonds for a number of municipal projects. One of the projects included was the infrastructure for Hartshorn Marina Village. The $600,000 expense was to be repaid via Brownfield tax capture. The Brownfield is approximately two years behind schedule as the developers have dealt with various environmental issues. This delay has left the Brownfield Fund with inadequate cashflow to cover the debt payments today, and we expect that will be the case for the next 1-2 years as well.

The Finance Department has reviewed the obligations and is recommending that the General Fund assume the debt obligation and make the payments. In return, the General Fund will retain the tax capture to reimburse itself with interest over the life of the Brownfield. An amortization schedule is provided in the packet. Note that the $600,000 original principal has already incurred interest for one year, resulting in a starting balance above $600,000.

STAFF RECOMMENDATION: Authorize the repayment schedule to reimburse the General Fund $600,000 plus 5% interest from the Brownfield Fund.

F. <u>Deficit Elimination Plan – BRA – Hartshorn Village (combined)</u> Finance

SUMMARY OF REQUESTON: To approve the Deficit Elimination plan and resolution for the Brownfield Redevelopment Authority (combined) and direct staff to submit plan to the State of Michigan.

On June 30, 2021, the Brownfield Redevelopment Authority (combined) had a $567,040 deficit. Act 275 of Public Acts of 1980 requires the City to formulate a deficit elimination plan and submit it to the Michigan Department of Treasury.

The deficit elimination plan and resolution for the Brownfield Redevelopment Authority are provided.

STAFF RECOMMENDATION: To approve the deficit elimination resolution for the Brownfield Redevelopment Authority Fund.

H. <u>Development Agreement LRS Enterprises</u> Development Services/Economic Development

SUMMARY OF REQUEST: Staff is seeking approval of the Development Agreement.

LRS Enterprises was selected as one of four contractors for the ARPA-funded infill housing program. The goal of the program is to continue in-filling vacant lots in our core neighborhoods while ensuring the housing units are offered in a more affordable manner.

There is not crystal-clear guidance from the US treasury related to required level of affordability, but we expect that a portion of the homes will be designated to families with incomes between 60% and 80% of AMI. The City will maintain ownership of the infill sites throughout the construction process, and will control the sale process. The City Commission will vote on each formal sale at the time of the sale – similarly to the Midtown Square projects. This will allow the City Commission more discretion in determining the depth of the affordability component of the program

The most notable change from the model agreement previously presented to the City Commission in 2021 is the anticipated cost per house We have raised the maximum to $235,000 to address increases in materials.

Access to housing at all levels of affordability is difficult now. We are in a prime position to lead the county in new housing, and I recommend that we do so. Note that the addresses are not included. There are hundreds of addresses to select from, but many were acquired via the tax foreclosure process and have title issues to address. Staff feels comfortable working with the builder to identify the most-appropriate building sites that have clear title.

AMOUNT REQUESTED: $750,000

FUND OR ACCOUNT: State/Federal Grants

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

K. <u>Request for Water Utility Connection Fee Waiver</u> Development Services/Economic Development

SUMMARY OF REQUEST: The vacant filling station/winery building at 611 W. Clay is being redeveloped into a boutique hotel and is requesting a waiver of their water utility connection fees.

The long vacant and half constructed site at 611 W. Clay was once supposed to be a winery and restaurant space, and has sat vacant for several years. The new owners, Jeremy Garcia of Muskegon and Bryan Hamrick of Grand Rapids, have run into some cost overruns with their project due to construction materials and other factors, and are asking for the city commission to consider waiving their domestic and fire suppression utility hookup fees. A quote from DPW is provided in the packet. There is currently a moratorium on any sewer connection fee waivers and staff informed the owners of that fact so they are not requesting sewer hookup fees be waived.

AMOUNG REQUESTED: $11,800 in fee waivers

STAFF RECOMMENDATION: To approve the request by 611 W. Clay LLC to waive domestic water and fire suppression utility connection fees for the construction project at 611 W. Clay as presented.

L. **<u>Precinct Boundary Changes</u>** City Clerk

SUMMARY OF REQUEST: The City Commission adopted a resolution allowing certain precinct boundary changes on February 8, 2022. There is an additional change that needs to be made in order to avoid a county commission district split in precinct 11. This will not impact the balancing of wards as precinct 11 and 12 are in the same ward.

Voters in Precinct 11 that live on Pine Grove and on the odd side of Winchester will be moved to Precinct 12. The County Commission boundary runs right down Winchester. Voters on the odd (west) side will be in County Commission District 4, those on the even (east) side will be in County Commission District 7.

Due to the timeline for getting changes submitted to the State of Michigan, Bureau of Elections, we are seeking approval of the changes so that we can submit our revisions as soon as possible.

The deadline for precinct boundary changes to be submitted for the May 3, 2022 Election is March 4, 2022. We would like to have the changes made before the May Election to allow for time to send new voter ID cards to voters in the City of Muskegon. Approximately 798 total voters (721 from previous changes and 77 from this change) will be assigned to new precincts and polling places. All voters will receive new ID cars to identify changes to Precinct, Ward, Polling Place, County Commission District, State House District, State Senate District, and Congressional District numbers

Change #5 – move approximately 77 voters from Ward 4 precinct 11 to Ward 4 Precinct 12 – to avoid a County Commission District split in Precinct 11.

STAFF RECOMMENDATION: To concur with the recommendation of the City of Muskegon Election Commission and adopt the resolution to alter precinct boundaries.

M. Unmarked Police Vehicle Lease Plan Public Safety

SUMMARY OF REQUEST: Unmarked Police Vehicle Lease Plan with Hertz Rental Cars.

Due to the State of Michigan discontinuing the WHEELS Program mid-year, four (4) unmarked vehicles assigned to our undercover detectives have ben returned to the State of Michigan. Replacement vehicles need to be in service by 2. 24. 2022. Cost per replacement lease vehicle including maintenance and other flex options is approximately $700 per vehicle ($2,800 per month). This lease program will be in place until the end of this current budget year. Fleet insurance and fuel costs will still be sustained by the City of Muskegon.

AMOUNT REQUESTED: Already in 21/22 budget AMOUNT BUDGETED: $13,125

FUND OR ACCOUNT: 101-40301-4363

STAFF RECOMMENDATION: To approve the lease with Hertz Rental Car for unmarked Police Vehicles.

Motion by Commissioner Gorman, second by Vice Mayor German, to accept the consent agenda as presented, minus items G, I, and J.

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

Nays: None

MOTION PASSES

2022-15 REMOVED FROM CONSENT AGENDA:

G. Development Agreement Williams Construction Development Services/Economic Development

SUMMARY OF REQUEST: Staff is seeking approval of the Development Agreement.

Williams Construction was selected as one of four contractors for the ARPA-funded infill housing program. The goal of the program is to continue in-filling vacant lots in our core neighborhoods while ensuring the housing units are offered in a more affordable manner.

There is not crystal-clear guidance from the US treasury related to required level of affordability, but we expect that a portion of the homes will be designated to families with incomes between 60% and 80% of AMI. The City will maintain ownership of the infill sites throughout the construction process, and will control the sale process. The City Commission will vote on each formal sale at the time of the sale – similarly to the Midtown Square projects. This will allow the City Commission more discretion in determining the depth of the affordability component of the program

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Access to housing at all levels of affordability is difficult now. We are in a prime position to lead the county in new housing, and I recommend that we do so. Note that the addresses are not included. There are hundreds of addresses to select from, but many were acquired via the tax foreclosure process and have title issues to address. Staff feels comfortable working with the builder to identify the most-appropriate building sites that have clear title.

AMOUNT REQUESTED: $750,000

FUND OR ACCOUNT: State/Federal Grants

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

Motion by Commissioner Emory, second by Commissioner St.Clair, to approve the agreement and authorize the City Manager to sign.

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

Nays: None

MOTION PASSES

I. <u>Development Agreement Kramer Builders</u> Development Services/Economic Development

SUMMARY OF REQUEST: Staff is seeking approval of the Development Agreement.

Kramer Builders was selected as one of four contractors for the ARPA-funded infill housing program. The goal of the program is to continue in-filling vacant lots in our core neighborhoods while ensuring the housing units are offered in a more affordable manner.

There is not crystal-clear guidance from the US treasury related to required level of affordability, but we expect that a portion of the homes will be designated to families with incomes between 60% and 80% of AMI. The City will maintain ownership of the infill sites throughout the construction process, and will control the sale process. The City Commission will vote on each formal sale at the time of the sale – similarly to the Midtown Square projects. This will allow the City Commission more discretion in determining the depth of the affordability component of the program

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AMOUNT REQUESTED: $470,000

FUND OR ACCOUNT: State/Federal Grants

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

Motion by Vice Mayor German, second by Commissioner Gorman, to approve the agreement and authorize the City Manager to sign.

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

Nays: None

MOTION PASSES

J. <u>Amendment to Community enCompass Infill Housing Agreement (EACH Program)</u> Development Services/Economic Development

SUMMARY OF REQUEST: A proposed amendment to the existing Development Agreement for low/moderate income infill housing.

In an attempt to further our Economic Equity efforts and to create diversity of housing price points as we build infill, we have been working for quite some time with Community enCompass to construct and infill affordable and accessible owner occupied single family housing. Two of the three houses have been placed and we are working on identifying a third lot. Staff has come up with a strategy to substitute ARPA dollars for the HOME funds originally intended for this project, and in doing so reallocate those funds to a fourth accessible unity. The provided amendment clarifies the use of ARPA dollars rather than HOME Funds, and if approve staff will work on a proposed project to install the fourth house.

All units would still be in the City's Brownfield TIF and any losses at sale would be captures, and Community enCompass is still providing $320,000 of the total $570,000 construction costs for the original three homes, as well as down payment assistance and other potential services to income qualified buyers, below 80% AMI.

AMOUNT REQUESTED: $250,000 AMOUNT BUDGETED: N/A (ARP Funds)

STAFF REOCMMENDATION: To approve the amendment as presented and authorize the Mayor and Clerk to sign.

Motion by Vice Mayor German, second by Commissioner Gorman, to approve

the amendment as presented and authorize the Mayor and Clerk to sign.

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

Nays: None

MOTION PASSES

2022-16 UNFINISHED BUSINESS:

A. <u>Amendment to the Marihuana Facilities Overlay District – 1314 E Apple Avenue – 2nd Reading</u> Planning

SUMMARY OF REQUEST: Request to amend Section 2331 of the zoning ordinance to include 1314 E Apple Avenue into the Marihuana Facilities Overlay District with retail, provision centers and class B recreational grows as approved license types, by Lake Michigan Labs.

The Planning Commission recommended approval of the request by a 6-1 vote.

STAFF RECOMMENDATION: To approve the request to amend Section 2331 of the zoning ordinance to include 1314 E Apple Avenue into the Marihuana Facilities Overlay District with retail, provision centers, and class B recreational grows as approved license types.

Motion by Commissioner Gorman, second by Commissioner Hood, to approve the request to amend Section 2331 of the zoning ordinance to include 1314 E Apple Avenue into the Marihuana Facilities Overlay District with retail, provision centers, and class B recreational grows as approved license types.

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

Nays: None

MOTION PASSES

2022-17 NEW BUSINESS:

A. <u>HBA Demolitions</u> Public Safety

2123 Henry - Removed

507 E Apple

743 Amity

867 Scott

SUMMARY OF REQUEST: The Housing Board of Appeals approved the demolition of 2123 Henry, 507 E Apple, 743 Amity, and 867 Scott Street.

This is to request that the City Commission concur with the findings of the Housing Board of Appeals that the structures located at 2123 Henry, 507 E.

Apple, 743 Amity, and 867 Scott, are unsafe, substandard, a public nuisance and that they be demolished within thirty (30) days. It is further requested that administration be directed to obtain bids for the demolition of the structure and that the Mayor and City Clerk be authorized and directed to execute a contract 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.

FUND OR ACCOUNT: 101-80387-5356

STAFF RECOMMENDATION: To concur with the Housing Board of Appeals decision to demolish 2123 Henry, 507 E Apple, 743 Amity, and 867 Scott.

Motion by Vice Mayor German, second by Commissioner Ramsey, to concur with the Housing Board of Appeals decision to demolish 743 Amity.

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

Nays: None

MOTION PASSES

Motion by Commissioner Ramsey, second by Commissioner Hood, to concur with the Housing Board of Appeals decision to demolish 507 E. Apple.

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

Nays: None

MOTION PASSES

Motion by Commissioner Ramsey, second by Vice Mayor German, to concur with the Housing Board of Appeals decision to demolish 867 Scott Street.

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

Nays: None

MOTION PASSES

B. <u>Interim City Manager</u> City Manager

SUMMARY OF REQUEST: To appoint LeighAnn Mikesell as Interim City Manager effective April 1, 2022.

Current City Manager has provided notice to the City Commission that he will be stepping down on April 1, 2022. Current Deputy City Manager LeighAnn Mikesell is prepared to step in as interim city manager. While serving in the interim city manager capacity, LeighAnn shall maintain her current salary and benefits plus an additional $300 salary stipend per week. In the event the Interim City Manager serves in that capacity beyond June 30, 2022, the salary and benefits will be renegotiated.

STAFF RECOMMENDATION: Appoint LeighAnn Mikesell as Interim City Manager effective April 1, 2022.

Motion by Commissioner Ramsey, second by Commissioner Hood, to appoint LeighAnn Mikesell as Interim City Manager effective April 1, 2022.

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

Nays: None

MOTION PASSES

ANY OTHER BUSINESS: Vice Mayor German recited a tribute honoring Ruby Bridges in recognition of Black History month. Ruby Nell Bridges Hall is an American civil rights activist. She was the first African-American child to desegregate the all-white William Frantz Elementary School in Louisiana during the New Orleans school desegregation crisis on November 14, 1960.

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

ADJOURNMENT: The City Commission meeting adjourned at 7:15 p.m.

Respectfully Submitted,

Kimberly Young, Deputy City Clerk