

CITY OF MUSKEGON

CITY COMMISSION MEETING

JANUARY 24, 2012

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, January 24, 2012.

Mayor Warmington opened the meeting with a prayer from Pastor Tim Cross from the Living Word Church of Muskegon after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen Warmington, Vice Mayor Stephen Gawron, Commissioners Eric Hood, Lawrence Spataro, Willie German, Sue Wierengo, and Byron Turnquist, City Manager Bryon Mazade, City Attorney John Schrier, and City Clerk Ann Marie Cummings.

2012-05 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve minutes of the January 3rd Organizational Meeting, the January 9th Worksession Meeting and the January 10th City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes

B. North Bank Trail Acquisition Funding Request – Resolution of Support. CITY MANAGER

SUMMARY OF REQUEST: To adopt a resolution in support of an application from Crockery Township to the Michigan Natural Resources Trust Fund for acquisition funds for Phase 2 of the North Bank Trail.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution.

E. Municipal Vehicle Purchase. PUBLIC WORKS

SUMMARY OF REQUEST: Authorize staff to purchase new municipal vehicle and snow blower from Fredrickson Equipment who was the lowest responsible bidder. This machine will replace unit #50233.

FINANCIAL IMPACT: \$95,740.

BUDGET ACTION REQUIRED: None, this price is within what the Equipment Division has budgeted.

STAFF RECOMMENDATION: Authorize staff to purchase new municipal vehicle and snow blower from Fredrickson Equipment.

Motion by Vice Mayor Gawron, second by Commissioner German to approve the Consent Agenda as presented minus items C and D.

ROLL VOTE: Ayes: Spataro, German, Gawron, Wierengo, Turnquist, Warmington, and Hood

Nays: None

MOTION PASSES

2012-06 ITEMS REMOVED FROM THE CONSENT AGENDA:

C. PILOT Request – Bayview Towers – Ordinance. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Carl Skrzynski is Vice President of American Community Developers, Inc., which has purchased Bayview Towers in Muskegon. There is currently a PILOT for Bayview Towers which was approved in January 1980. Mr. Skrzynski intends to keep the existing Section 8 status of the housing development and is requesting an extension of the PILOT from the City. Since an alternative form of financing is being sought for this project, not currently included in the PILOT Ordinance, an amendment is necessary to the Ordinance. In addition, the owner is requesting the PILOT for a maximum of 40 years and the current Ordinance only allows for 25 years.

FINANCIAL IMPACT: The Ordinance amendment would allow for a greater number of years, which would increase the number of years that the City would not receive full taxes for the property.

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.

Motion by Commissioner Turnquist, second by Commissioner Spataro to approve the PILOT request for Bayview Towers Ordinance.

ROLL VOTE: Ayes: German, Warmington, Hood, and Spataro

Nays: Gawron, Wierengo, and Turnquist

MOTION PASSES (REQUIRES SECOND READING)

D. PILOT Request – Bayview Towers – Agreement. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Carl Skrzynski is Vice President of American Community Developers, Inc., which has purchased Bayview Towers in Muskegon. There is currently a PILOT for Bayview Towers which was approved in January 1980. Mr. Skrzynski intends to keep the existing Section 8 status of the housing development and is seeking Low Income Housing Tax Credits through MSHDA. He is requesting an extension of the PILOT from the City.

FINANCIAL IMPACT: With the current PILOT, the owner of Bayview Towers pays approximately \$91,000 a year (Shelter Rent Payment of \$34,000 and City Services Charge Payment of \$57,000). If this property were to return to traditional property taxes, the owner would pay approximately \$282,902 for a year. Therefore, there is a difference of approximately \$191,902 a year.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: If the City Commission is favorable to continuing the PILOT for this property, staff recommends that the Contract be approved and the Mayor and Clerk be authorized to sign the necessary documents.

Motion by Commissioner Spataro second by Commissioner Hood to approve the PILOT request for Bayview Towers as described subject to approval of the ordinance at the next meeting.

ROLL VOTE: Ayes: Wierengo, Warmington, Hood, Spataro, and German

Nays: Gawron and Turnquist

MOTION PASSES

2012-07 PUBLIC HEARINGS:

A. Issuance of a Commercial Rehabilitation Certificate – Lake Welding Supply. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Pursuant to Public Act 210 of 2005, as amended, Lake Welding Supply has requested the issuance of a Commercial Rehabilitation Certificate. The Certificate 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. The City Commission approved the creation of the Commercial Rehabilitation District at its November 22, 2011 meeting. The company is planning on investing \$1.4 million in real property improvements to expand their operations. This would qualify the applicant 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: Staff recommends approval of the Commercial Rehabilitation Certificate.

Motion by Vice Mayor Gawron, second by Commissioner Spataro to close the Public Hearing and approve the issuance of a Commercial Rehabilitation Certificate for Lake Welding Supply.

ROLL VOTE: Ayes: Wierengo, Turnquist, Warmington, Hood, Spataro, German, and Gawron

Nays: None

MOTION PASSES

2012-08 NEW BUSINESS:

A. Advance Refunding of 2002 LDFA Bonds. FINANCE

SUMMARY OF REQUEST: In 2002 the LDFA issued bonds in the amount of \$4,725,000 to finance construction of the MAREC building. Repayment of the bonds was to come from tax increment revenues generated by anticipated development on the Smart Zone site. The City's full faith and credit was pledged and the Community Foundation for Muskegon County also pledged an annual contribution of up to \$75,000 (through 2016) to be used in the event tax increment revenues fell short.

The bonds were intentionally structured with no/low principal payments during the first ten years to provide time for development and tax increments to grow. Unfortunately, this has not occurred to the extent hoped for. In recent years, the City has contributed \$100,000 annually and the full \$75,000 CFFMC pledge has been needed to meet debt service requirements. Starting with FY 2012-13, the City's annual contribution will at least double and remain at high levels until significant, taxable development occurs.

The bonds were issued with a ten year call provision and 2012 is the first opportunity to exercise this call. Fortunately, refunding the bonds under current market conditions makes economic sense.

FINANCIAL IMPACT: Refunding the LDFA bonds is expected to save \$361,045 over the remaining life (about \$25,000/year). Present value savings are estimated at \$304,165, or about 7% of the outstanding bond principal.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the advance refunding of LDFA bonds.

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve the advance refunding of LDFA bonds.

ROLL VOTE: Ayes: Turnquist, Warmington, Hood, Spataro, German, Gawron, and Wierengo

Nays: None

MOTION PASSES

B. Concurrence with the Housing Board of Appeals Notice and Order to Demolish the Following: PUBLIC SAFETY

1467 Terrace Street (Area 11)

2226 Continental Street

167 Mason Avenue – Home and Garage (Area 10)

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 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.

FINANCIAL IMPACT: CDBG Funds.

BUDGET ACTION REQUIRED: None.

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

Motion by Commissioner Spataro, second by Commissioner Wierengo to concur with the Housing Board of Appeals notice and order to demolish 1467 Terrace, 2226 Continental, and 167 Mason-home and garage.

ROLL VOTE: Ayes: Warmington, Hood, Spataro, German, Gawron, Wierengo, and Turnquist

Nays: None

MOTION PASSES

C. Ward and Precinct Redistricting. CITY CLERK

SUMMARY OF REQUEST: Due to the 2010 Census, the County district lines have changed, so we are requesting permission to change the City precinct/ward lines. This will allow us to balance the number of registered voters in the precincts and to reduce the number of split precincts. We also request to change the numbers of the precincts from 1 through 14.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To authorize the Mayor and Clerk to sign a resolution.

COMMITTEE RECOMMENDATION: This has been approved by the Election Commission.

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve

the Ward and Precinct redistricting as proposed.

ROLL VOTE: Ayes: Hood, Spataro, German, Gawron, Wierengo, Turnquist, and Warmington

Nays: None

MOTION PASSES

D. Use of Explosives for Demolition on Former Sappi Property. CITY
MANAGER

SUMMARY OF REQUEST: To give permission to demolish the large stick (280') and the bleach plant by use of explosives on the former Sappi property contingent upon review and approval of the demolition plan by all appropriate City staff. City approval for use of explosives is necessary pursuant to City Ordinance 10-136.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the use of explosives for demolition as described above, contingent upon review and approval of the demolition plan by all appropriate City staff.

Motion by Vice Mayor Gawron, second by Commissioner Wierengo to approve the use of explosives for demolition as described contingent upon review and approval of the demolition plan by appropriate City staff.

ROLL VOTE: Ayes: Spataro, Gawron, Wierengo, Turnquist, Warmington, and Hood

Nays: German

MOTION PASSES

PUBLIC PARTICIPATION: Public comments were received.

ADJOURNMENT: The City Commission Meeting adjourned at 6:45 p.m.

Respectfully submitted,

Ann Marie Cummings, MMC
City Clerk