



2014-15 CITY COMMISSION GOALS

*AN ACTION PLAN ADOPTED BY
THE MUSKEGON CITY COMMISSION:*

April 8, 2014

MUSKEGON



2014-15 City Commission Goals

Goal Summary

Private Developments

The City Commission has identified a number of key private developments that are expected to have a major impact on the local economy. Some of these projects are in the early stages, and some have been lingering for a number of years. City staff has been tasked with developing a plan to encourage or assist the following projects in 2014: Smartzone, vacant DMDC Lots, Sappi property, misc. downtown residential projects, Watermark Lofts, and redevelopment of the east end of the Port.

IFT Accountability

Annually, the City Commission awards multiple Industrial Facilities Tax Abatements to businesses looking to relocate and/or expand in the City. The Commission acknowledges the great investments that these companies are making in our community, as well as the value of the newly created/retained jobs. The Commission also recognizes the need to provide jobs that can be filled by current/future City residents. City staff is tasked with creating a plan that balances the need to add jobs and grow the tax base with the need to create jobs that either employ existing City residents or attract new residents to the City.

Former Farmer's Market Site

The farmer's market is set to open in its new location at the corner of Western and Terrace in Downtown Muskegon in 2014. This relocation will likely eventually leave a large vacant parcel in a residential area. City staff is tasked with putting together an action plan for the reuse of the site that takes into consideration the Commission's desire to see a combination of residential space and open green space for the neighborhood.

Neighborhood Blight

The Muskegon City Commission recognized reducing blight as a key priority in stabilizing its neighborhoods. This includes blight associated with commercial and residential property maintenance, dangerous and abandoned buildings, vacant city/county owned lots, and vacant school buildings. City staff is charged with developing a strategy for addressing these issues and setting the City's many neighborhoods on a path towards long-term sustainability.

Beach Warning System

Recent budget cuts have claimed the City's Pere Marquette Park lifeguard program. The beach continues to be a popular site for residents and visitors. To help address safety concerns, City staff is directed to develop an action plan to identify, fund, and implement a beach warning system for Pere Marquette Park.

Road Funding Plan

The City's street replacement programs have long-been underfunded. Reductions in ACT 51 funds and property taxes have led to 45% of the City's streets being placed in a position of needing major repairs and/or reconstruction. City staff is charged with identifying the needs of the street system, and recommending a plan for improvement – including identifying a plan for long-term funding.

Opportunities for Youth

City staff is tasked with identifying opportunities for the city's youth – especially related to recreation and employment for high school-aged youth. This may include a city-sponsored youth jobs program.

City's Image

City Staff is tasked with developing and implementing a plan to improve the City's image – both internally and externally. A key component will be better identifying and acknowledging positive actions in the city.

Long-Term Finance Plan

There is considerable concern regarding the impending closure of the Cobb Power Plant, and the financial impact it will have on the City's General Fund. In 2013, the City will collect nearly \$325,000 in taxes related to the plant. The owner's desire for an expedited reduction in value leading up to the closure would result in a loss of nearly \$200,000 in revenue for 2014 and another \$75,000 for 2015, before stabilizing in 2016 at a level equal to only \$10,000. Accordingly, City staff has been tasked with developing a long-term financial plan to address the loss of more than \$300,000 in property tax revenue. The plan should include options for replacement revenue.

Action Plans

Private Developments

Why is a plan needed to encourage/assist certain private developments?

The City of Muskegon has many ongoing and/or proposed projects that, if successful, would have a great impact on the community. The great impact of these successful developments will be far-reaching, and could greatly affect the local economy, the city's tax base, tourism, residents' quality-of-life, and the city's overall image as a viable community in which to invest. Many of these developments are in a position where they could benefit from some form of encouragement to take adequate steps toward completion. The City of Muskegon is in a position to help some of these projects along.

What will this plan accomplish?

This plan will identify key development projects that are either stalled, slow-moving, or in very early stages; each of these development projects will likely benefit from a different type of city participation. This plan will identify city resources, regulations, and other tools to assist with the timely completion of the development projects.

Action Plan

1. Sappi Redevelopment

In the short time since the Sappi Paper Mill's closure, the large tract of land with Muskegon Lake access has experienced much activity. The property was purchased by a demolition company, and much of the site has been razed. Based on the momentum of the demolition to date, it is feasible that the remainder of the demolition will be completed before the end of 2014.

A number of hurdles exist between now and the completion of the redevelopment. The greatest hurdle will be overcoming certain deed restrictions that preclude many non-industrial uses on the site.

City Staff will allocate resources to work with the current and previous owners, as well as any potential future owners to develop a plan that allows for non-industrial uses on the site – likely a mix of marina, commercial, and residential. Equally as important to City staff should be the engagement of the appropriate State departments that could have an effect on urban affairs, economic development, recreation, and environmental regulations. Staff's top priority will be to ensure there are no barriers to redevelopment from the various levels of government.



2. DMDC Vacant Downtown Lots

As part of the redevelopment of the former downtown mall site, the Downtown Muskegon Development Corporation still owns and actively-markets a number of vacant, buildable downtown lots. The DMDC has developed a set of design guidelines, and has developed an internal plan that strongly encourages any new development on these properties to have some combination of retail, office, and/or residential uses.



As the economy continues to recover from the 2007 recession, any new development in the downtown will rely heavily on the support of the residents, workers, and visitors of the City of Muskegon. The City should allocate resources to Downtown Muskegon Now to better-market these (and other) downtown properties. Construction on these lots will symbolize the rebirth of our traditional downtown, and the excitement that surrounds such an effort will be a springboard to making Downtown Muskegon a vibrant place to live, work, and visit.

City Staff will allocate resources to accomplish the following:

- i. Assistance with developing/acquiring signage on the properties with contact information, redevelopment opportunities, availability, zoning, building renderings, and other eye-catching details.
- ii. Assistance with identifying current electronic signage capacity that can be used to advertise for the redevelopment of downtown during certain peak-traffic times (weekends, special events, etc.). Such signs could include LC Walker, The Frauenthal, Heritage Landing, and Mart Dock.
- iii. Assistance with meetings involving potential developers and/or tenants.

3. Downtown Convention Center and LC Walker Arena Improvements

The County Accommodations Tax Advisory Committee is currently studying the feasibility of the development of a downtown convention center. If it is determined that the area can sustain a convention center, there is a strong potential that local hotel owners will authorize an increase in the local accommodations tax to fund the construction. City staff will continue to actively participate in this process; as such a development in the downtown would have a great impact on our local year-round tourism economy.



In addition, the City has a strong interest in securing the viability of the LC Walker Arena going forward. The Arena is in need of some major capital improvement, and also in need of increased hockey utilization, as well as identification of other non-hockey uses. City staff will actively work to incorporate the existing LC Walker Arena into the plans for a new convention center in an effort to access capital to make needed improvements and identify additional uses for the building.

Over the long-term, City Staff will make a recommendation as to how the daily activities and maintenance at the LC Walker should be funded (general fund dollars, county property tax, hotel accommodations tax, etc.). Additionally, whether or not a convention center is built, the idea of who should be the owner of the LC Walker Arena going forward will have to be determined.

City Staff will allocate resources to accomplish the following:

- i. Examine ownership options for the property.
- ii. Share the LC Walker with any potential convention center.
- iii. Seek ATAC assistance with funding of operations, maintenance, and capital improvements at the LC Walker.
- iv. Actively work with the management company to develop a plan for marketing the LC Walker for greater utilization of the ice sheets, additional revenue-generating uses, and/or naming opportunities.
- v. Actively work with the management company to develop a plan to better-engage the urban neighborhoods of Muskegon in an effort to raise youth interest in hockey as both a sporting option and a family entertainment option.

4. Hackley Bank Building – High Point Flats Residential Project

The building has been vacant for a number of years, and presently sits in a tax-free zone that should be very attractive to developers. Currently, the property is under the ownership of a company that has had multiple visions for the property – mostly

centered on some type of residential use. There is a possibility that the building is never developed for residential uses. The building exterior is in poor shape, and detracts greatly from the downtown's appeal. The building in its current condition may be the single-largest roadblock in redeveloping the remainder of Downtown Muskegon.



The City must determine whether the current renaissance zone is enough to move the development forward. If it is not, it must be determined whether makes more sense to retire the renaissance zone early or seek another developer to complete the renovation of the building.

City Staff will allocate resources to accomplish the following:

- i. Work with the developer on an expedited time line.
- ii. Work with the DMDC to identify other development options should the current plan not come to fruition, including demolition.
- iii. Review the development agreement associated with the incentives in place on this property to determine compliance.
- iv. Review the incentives in place on the property to better-understand their effectiveness in spurring activity on the site.

5. Smart Zone – Downtown Casino Project

The City has a large debt obligation related to the development of the Smart Zone site in the downtown adjacent to Muskegon Lake. Presently, much of the undeveloped land is being held by a group with intentions of developing a tribal casino. The City is in a difficult position, as the wait for casino authorization has been long, and there is a great need to see this highly-desirable land developed. The city's leadership recognizes the potential economic benefit of a properly-planned casino development that attracts visitors to downtown Muskegon. The City has an existing two-year agreement with Muskegon Lakefront, LLC to reimburse the net tax value of two new buildings, but that amount is insufficient to offset the debt service. It is important to continue to work with the group to move the casino project along, while still being mindful of other potential developments within the Smart Zone property.

City Staff will allocate resources to accomplish the following:

- i. Work with the current owners to expedite the approval and subsequent construction of a downtown casino that draws visitors into the downtown to visit casino and non-casino attractions/businesses.
- ii. Review any requirements remaining from the original Smart Zone approval that could limit/affect the types of development undertaken on the property, and how such development could affect public infrastructure within the site.
- iii. Work with the current owners to identify other non-casino uses for the site.

- iv. Identify potential improvements to the connectivity of the Smart Zone property to the core downtown.

6. Terrace Point Landing Project

This proposed residential development on Muskegon Lake is adjacent to the land currently under consideration for a tribal casino. There is a great need for market-rate housing in the downtown, and these single family homes could provide a unique living opportunity to the downtown that combines detached single family living with waterfront living, and downtown living.

City staff will continue working with the owner over the next 12 months. The project is complicated, and likely will require the approval of certain state departments. City staff will work with the appropriate state agencies to underscore the importance of this project to our great community.

City Staff will allocate resources to accomplish the following:

- i. Work with appropriate state agencies to secure Brownfield funding.
- ii. Work with the developer to ensure the project moves forward.
- iii. Identify potential improvements to the connectivity of this property to the core downtown.

7. Bluffton School Redevelopment Project

This highly-desirable residential property has the potential to bring a number of high-end homes to the City's west side. Unfortunately, the project is potentially divisive, as a group of neighbors have voiced concern about the potential development.

It is clearly in the city's best interest to add quality housing stock. The types/styles of homes that could be built at that property would attract moderate and high-income residents/visitors to the city of Muskegon, and raise the median home sales price for our community. City staff will work with the School and the purchaser to identify a development plan that works best for the City and the Bluffton Neighborhood.

City Staff will allocate resources to accomplish the following:

- i. Work to encourage Muskegon Public Schools to require a development plan for the site as part of the sale.
- ii. Work with the subsequent purchaser to develop a plan that best-utilizes the site for appropriate commercial/residential/mixed-use development.
- iii. Work with the Bluffton Neighborhood to ensure a development that is attractive to the neighborhood.

8. Heritage Square Townhomes Development

This stalled townhome development is currently less than 15% complete. There is likely a great market for townhomes priced between \$200,000 and \$400,000 in the

downtown, but it has been difficult to get the project moving without any model homes available for touring and/or purchasing. It is also difficult to get initial funding for a project like this because there is limited recent sales data for which to base loan values.

City staff is recommending the use of internal funding to jumpstart this project. Investing local dollars will jumpstart the project, and push it toward completion.

City Staff will allocate resources to accomplish the following:

- i. Enter into an agreement with the owner to build/sell two townhomes with a city investment not to exceed \$500,000. The \$500,000 investment would be returned to the City upon the sale of the two townhomes.
- ii. Enter into an agreement with the owner to build four commercial units and four condo units, with a city HOME investment not to exceed \$120,000. The \$120,000 investment would not be returned to the City, but one unit would need to be sold to an income-qualified purchaser.
- iii. Review the success of the two above-mentioned investments to determine if additional investments should be made to complete the project (up to six more townhomes, four more condos, and four more commercial units).
- iv. Require the sidewalks surrounding the property to be completed in spring 2014.

9. Watermark Lofts

The Watermark Lofts project is a stalled condominium project that has a small commercial component and an event space. The project is less than 25% complete, and its unfinished portions are on a well-traveled connector between downtown and Lake Michigan. Additionally, a number of business owners and residents in the general area have raised concerns about the appearance of the building and how its current status negatively affects their homes and businesses.

City Staff will allocate resources to accomplish the following:

- i. Review the development agreement associated with the incentives in place on this property to determine compliance.
- ii. Review the incentives in place on the property to better-understand their effectiveness in spurring activity on the site.
- iii. Work with the owner to identify which portions of the building(s) still can be incorporated into the project, and which portions should be demolished.
- iv. Work with the property owner to determine if the project is capable to move forward, or if changes are needed in its scope. This would include a review of available incentives for the project going forward.
- v. Identify how this project can work with to compliment and expand off of the other existing amenities in the direct area – Fatty Lumpkin, Fricano Place, YMCA, Red Lotus Gallery, etc.
- vi. Update ordinances to better-address the large incomplete portion of the project. This would help with other similar buildings, as well.

10. Industrial Port Redevelopment

The east end of Lake Muskegon has a long history of industrial uses. It is important that the City maintains these uses, as they typically provide good-wage jobs and above-average tax base, while requiring minimal day-to-day city services. The City has already taken an important step in developing a Next Michigan Zone that identifies barge traffic as a key economic development element.

City staff will allocate resources to accomplish the following:

- i. Work with existing port land owners, as well as industrial developers and business owners to identify key redevelopment opportunities.
- ii. Develop a list of high-priority redevelopment sites, including the soon-to-be-vacant Consumers Energy Cobb Power plant.
- iii. Develop a plan for the potential reallocation of recreational resources on the east end of the port for industrial uses.
- iv. Explore the creation of a commercial vehicle unit to ensure port development and the expected increase in ground shipping does not have a negative impact on the City's street infrastructure.

Tax Abatement Accountability

Why is plan needed to ensure accountability?

Attracting and retaining jobs and tax base in our community is a high priority to the City of Muskegon. In the 21st Century global economy, communities are not just competing within the state or the country, but worldwide, to attract industrial employers. Accordingly, incentives are a necessary part of the attraction and retention process.

The City and its residents have a history of supporting industrial development and/or expansion with Industrial Facilities Tax Abatements. These abatements represent a commitment from the city's residents to the industrial employer in exchange for new tax base and employment growth (both for city residents and non-residents).

What will this plan accomplish?

This plan will help ensure that new and/or expanding employers are working in good faith to grow the tax base at the rate originally proposed, employ/retain the number of jobs originally proposed, and provide pay/benefits at the level originally proposed. The plan will also attempt to address the company's good faith effort to employ current or future Muskegon residents.

Action Plan

City staff will allocate resources to accomplish the following

1. Create and maintain/update a report for tracking job creation – publicize the report.
2. Create a program that identifies community involvement opportunities for corporations

- that receive tax abatements and/or public financing.
3. Draft adequate accountability language for corporations receiving tax abatements and/or public financing relative to property tax appeals, investment commitments, job creation commitments, and community involvement.
 4. Create and maintain a list of minority-oriented groups, like the Urban league and the NAACP, where job opportunities resulting from tax abatements and/or public financing can be forwarded and made available to our minority populations.
 5. Create and maintain a list of disadvantaged and minority-owned contractors that can be made available to corporations that are undertaking real property expansions and/or improvements.

Former Farmer's Market Site

Why is a plan needed for the former farmer's market site?

Beginning in 2014, the farmer's market will relocate to its new downtown location. The former site will continue to house the existing flea market at least through 2014. The former site sits in a residential area with easy access to the downtown and Shoreline Drive. The site has great potential for a number of uses, including new park space, green space, and housing. The site could also continue to house the flea market beyond the 2014 season. A plan needs to be established to guide local decision-making and local investments to ensure that the site continues to have a positive effect on the neighborhood that surrounds it.

What will this plan accomplish?

The goal of this action plan is to identify the steps necessary to determine a permanent new use for the site that benefits the neighborhood and the city as a whole.

Action Plan

City staff will allocate resources to accomplish the following:

1. Speak to neighborhood representatives and members of the community to determine what/how the neighborhood values the property.
2. Complete a housing analysis to determine if permanent housing would be an appropriate use of the site.
3. Review site conditions – including soil and water conditions – to determine appropriate development and/or public uses for the site.
4. Develop a master development plan for the site that accounts for site conditions, community and neighborhood desires, city resources, Commission goals, and market demands.

Neighborhood Blight and Stabilization

Why is a neighborhood blight and stabilization plan needed?

Neighborhood blight has become a major problem in the City of Muskegon. Blight has a far-reaching negative effect on the community. It projects an image that property owners do not value their city/property, that the neighborhood is depressed, and that the neighborhood is unsafe. Those who prescribe to the *Broken Windows* theory made popular in the 1980s by authors James Wilson and George Kelling understand that characteristics like broken windows in buildings and litter on the ground can quickly grow/spread to other areas as people in the community accept this as a normal neighborhood behavior. This type of blight growing/spreading has worked to cripple neighborhoods and entire cities in parts of Michigan – we cannot let this happen to Muskegon.



In short, if we do not get a handle on blight, we can be certain that it will spread through our neighborhoods, it will expand in scope and severity, and it will have a crippling effect on our community – especially in terms of our image, our property values, our economy, and our ability to attract residents, tourists, and investors to our great city. Reversing the blight trend is a key step in stabilizing our neighborhoods for future generations to enjoy.

What will this plan accomplish?

This plan will identify tools and resources that the City and its residents/property owners can access to address neighborhood blight.

Action Plan

City staff will allocate resources to accomplish the following

1. Create a program that better-empowers our neighborhood associations, with the following components:
 - a. The current \$1,500 in annual support would be tied to some benchmarks:
 - i. Participation in NAM
 - ii. Regular meetings (monthly or quarterly)
 - iii. Adoption of an action plan to improve the neighborhood at the grass-roots level
 - iv. Assisting the City in identifying vacant houses and rental houses within the neighborhood
 - v. Holding a spring clean-up at each park within their neighborhood.
 - b. For more active neighborhoods, we would provide additional financing for

- undertaking certain extras that improve their neighborhood (and other neighborhoods):
- i. Adopting vacant lots for grass/snow maintenance
 - ii. Holding neighborhood block parties
 - iii. Hosting neighborhood clean-up events
 - iv. Reaching out to assist other neighborhood associations with organization, projects, programming, and community engagement.
- c. The City would create a program to provide blight abatement resources to residents through the neighborhood associations:
- i. Provide assistance with accessing yard maintenance equipment
 - ii. Create and maintain an active list of homeowners in need of assistance with yard maintenance
 - iii. Create and maintain an active list of neighbors available to offer assistance with yard maintenance
 - iv. Empower neighborhoods to work together to solve problems before escalating them to the City – direct residents to neighborhood associations as a first step in addressing a concern – and then on to the City. This will help avoid exasperating problems with unnecessary city involvement.
2. Educate city leaders, property owners, renters, and businesses on the potential that exists within our neighborhoods:
- a. Create a better-understanding of what makes a neighborhood special
 - b. Create a better-understanding of what makes a neighborhood undesirable
 - c. Create a better-understanding of what rules/ordinances exist related to property maintenance
 - d. Create a better-understanding of why the rules/ordinances exist
 - e. Create a better-understanding of the process to appeal a fine/ticket
3. Update and Enforce codes
- a. Develop ordinances that allow staff to get a head of problem properties – with earlier triggers for city involvement and shorter compliance timelines.
 - b. Move beyond complaint-based enforcement
 - c. Use civil infractions to ensure compliance in areas where properties are in process of foreclosure – by both banks and taxing jurisdictions.
4. Get City employees involved
- a. Create employee volunteer programing
 - b. Implement incentives to live within the city (new employees)
 - c. Provide key staff with memberships in certain community organizations
 - d. Provide a department head to attend each regularly-scheduled neighborhood association meeting.
5. Tear down dangerous/vacant/abandoned structures.
- a. Immediately begin enforcing civil infraction language on owners of dangerous structures, as allowed by ordinance. Income should be place into a demolition fund. This is the only incentive to move a demolition along, as the cost of the demolition is unlikely to be recouped after demolition, and liens do not follow the property owner after they are discharged by the County.
 - b. Ensure that all newly identified dangerous/vacant/abandoned structures come down within 3 months of HBA recommendation
 - c. Bond/borrow to complete current list of Commission-approved demolitions,

with additional proceeds to remain for next 3-5 years. Total cost is to be determined after a competitive bid process, but likely close to \$1 Million for commercial and residential properties.

- d. Do not convey demolition costs to tax rolls, but maintain the lien internally.
 - e. Develop a working agreement with the Land Bank and County Treasurer that expedites the clean-up and demolition of vacant structures.
 - f. Encourage the demolition or redevelopment of vacant school buildings.
6. Better-maintain publicly-owned properties – especially vacant lots
 - a. Lease vacant lots to neighboring property owners in exchange for maintenance.
 - b. Landscape highly-visible lots beyond simple grass/mowing.
 - c. Assist with the development of community gardens on vacant lots – update zoning and provide special space at the Farmers Market for community garden products specifically grown in our neighborhoods as part of our blight abatement program. New legislation may be needed to limit the scope of allowable farming activities within the city, but City ownership of the lots should provide enough control to prevent undesirable uses on the property.
 7. Create a position that focuses on community engagement at the neighborhood level.
 - a. Improve communication between the city and residents
 - b. Facilitate communications/activities between neighborhood groups
 - c. Provide support to neighborhoods in setting up special events, identifying problems, etc.
 - d. Administer beautification awards for each neighborhood and city-wide.
 8. Partner with Muskegon Heights to work together on the blighted areas that are on our shared neighborhood streets.

Beach Warning System

Why is a beach warning system needed?

Pere Marquette Park is one of Muskegon’s greatest assets, and one of its greatest tourist attractions. With over 2.5 miles of Lake Michigan frontage, there is much room for beach-goers to spread out and access the water. In the absence of lifeguards, a beach warning system that notifies swimmers of the water conditions, provides swimmers/spectators with easy geographical reference points in times of swimming emergencies, and potentially provides first-responders with video surveillance of the swimming areas, may be the most effective tool in improving beach safety.

What will this plan accomplish?

City Staff proposes that a beach warning system be procured and implemented that provides three key services:

1. Informs beachgoers of swimming conditions
2. Provides geographical reference points for swimmers/spectators/first responders
3. Provides video surveillance of the swimming areas.

Action Plan

City staff will allocate resources to accomplish the following

1. Identified a vendor. This step is near completion, as the city is currently conducting due diligence into the system that our preferred vendor manufactures. The cost for the complete system is estimated at \$70,000 in capital expenses and \$5,000 in annual maintenance expenses. An additional \$70,000 could be expensed in subsequent years to expand the system to cover the entire 2.5 miles of shoreline.
2. In addition to the identification and implementation of the system, City staff is recommending the creation of a funding plan for this and other needs at Pere Marquette Park. This could be accomplished in a number of ways, however, at this time there is no staff recommendation for any particular mechanism.
 - a. The implementation of a paid parking system for the beach, which could generate more than \$50,000 in annual gross revenue for Pere Marquette Park. Annual parking stickers/passes could also be sold at resident and visitor rates to beachgoers, as well. This is not ideal.
 - b. Donation boxes could be set at various points throughout the park to raise funds.
 - c. More commercial activity could be sought to raise additional funds.

Road Funding Plan

Why is a road funding plan needed?

Current Act 51 revenues do not meet the needs of our community. In past years, a portion of Income Tax revenues have been utilized to compliment the Act 51 revenues. However, as the City's General Fund continues to see losses in revenue, it is likely that the transfers from the General Fund to the Major/Local Street funds will come to an end.

Much of the City's road system is in major need of repair/reconstruction. Approximately 45% of the City's lane miles currently require some form of major resurfacing or complete reconstruction. The cost of this 45% is estimated at approximately \$72 Million.



What will this plan accomplish?

The City's goal should be that less than 15% of the system needs this type of major work at any time. To accomplish this, the City will need to expend \$4.6 Million annually on its street system to maintain the current 45% level, and an additional \$2.75 Million annually over the next 20 years to bring the level down to 15%.

Action Plan

Total annual road funding necessary to meet the City's needs is approximately \$8 Million.

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| 1. Act 51 (State Funding): | \$3,300,000 |
| 2. Other Misc. Funds | \$1,300,000 |
| 3. New Local Funding | \$2,750,000 |

Accordingly, City voters should be asked to consider a charter amendment increasing the City's top tax rate by approximately 5 Mills, with the entire increase being dedicated to street improvements. This levy would need to continue in place for 20 years.

At the completion of the 15 year term, the City's annual street infrastructure investment could be lowered incrementally from \$7.35 Million to approximately \$6 Million over the subsequent 5 fiscal years. Accordingly, the tax rate could be subsequently lowered from 15 Mills to 13 Mills over that 5-year period.

City staff will allocate resources to accomplish the following

1. Develop ballot language to ask City voters for an increase in the City's Millage Rate from 10 Mills to 15 Mills – this will also require approval from the State of Michigan.
2. Conduct community meetings to share the city's need for dedicated street funding, and help the community understand how much the new millage would likely cost our homeowners. This will also be used as an opportunity to gather input about street priorities.
3. Make a recommendation as to which election the ballot initiative should appear (August or November 2014).
4. Lay out a proposed plan for expending the new street funds that focuses on local neighborhood streets and leveraging federal/state programs.
5. Make a recommendation as to whether any bond financing should be undertaken to generate an immediate impact on some of our worst neighborhood streets.

Opportunities for Youth

Why are we in need of opportunities for our youth?

As the City tries to build a strong foundation of active, engaged, and contributing citizens, raising our youth in a manner that helps them grow to fit that mold should be a priority. In many cases, these skills and traits can be passed on to our youth by providing valuable volunteer, recreation, and job opportunities. Providing adequate opportunities for our youth will help them grow into assets for our community.

What will this plan accomplish?

This plan will seek to identify ways in which the City can take a role in providing these type of opportunities to our youth, as well as connecting our youth to the many programs like this that

already exist within our great community.

Action Plan

City staff will allocate resources to accomplish the following:

1. Identify CDBG projects/programs that can be moved in-house and use as a training exercise for youth and young adults.
2. Review hiring data from Elwood to determine what can be done to increase hiring opportunities for local youth to fill the City's seasonal job needs.
3. Continue to offer recreation grants, but also continue to review each grant's effectiveness in terms of reaching/affecting the greatest portion of our youth, leveraging other program resources, and expending our funds appropriately.
4. Work with Muskegon Public Schools to encourage and/or require community service hours as a graduation and/or sports participation requirement.
5. Develop a city-hosted website that advertises job and recreation opportunities for Muskegon youth. The goal would be to better-connect our youth with existing opportunities, and to connect our employers with our talented youth.
6. Support and champion efforts to improve our public schools, including our non-traditional opportunities (like the proposed Covenant House Academy).

City's Image

Why is a plan needed to improve the City's image?

As the City of Muskegon works to attract families, business owners, and visitors to our community, it is important that we project an image of a community that is a highly desirable place to live/work/visit.

While the City does have a strong component of community cheerleaders that consistently champion Muskegon as a great community, there are still others (both locally and throughout the State) that have a far-less positive image of Muskegon. Items that reflect negatively on our image include our jobless rate, perception of manufacturing job loss, perception of being a dirty industrial city, blight in our neighborhoods, vacant land/buildings in our downtown, crime rates/types, poor city infrastructure, and overall stagnation.

What will this plan accomplish?

This plan will seek to identify ways to engage the community in an effort to increase pride in Muskegon. The plan will also identify key areas where city resources should be invested to have a significant positive effect on the City's image.

Action Plan

City staff will allocate resources to accomplish the following:

1. One of the most important steps in creating a positive image across Michigan would be to first develop a strong positive image **internally**. Programs that increase pride among our residents are a key component in accomplishing this. City staff proposes to improve community pride by implementing the following strategies:
 - a. Assign staff to work with community groups, neighborhood groups, churches, etc. to better-engage the residents of Muskegon. Residents need to be engaged to effect positive change on our community.
 - b. Consider inviting a group like the Harwood Institute for Public Innovation to our city to help engage the community and move forward together as we attempt to make major changes in our community. This could work hand-in-hand in combating our blight problems.
 - c. Creation of a *Thank You!* program that provides residents and community leaders with *Thank You!* cards that can be handed out to people that are witnessed doing something special in the community. The goal is to let our residents – young and old – know that we appreciate their efforts to improve Muskegon. This would also include increased recognition efforts for the City’s Citizen of the Year program, and the implementation of a Beautification Award Program titled Nominate your Neighbor, where neighbors can nominate one another for recognition of their great work in improving their home, property, or neighborhood.
 - d. Creation of an employee program that rewards and encourages volunteerism and community service among our staff. Programs can include special incentives for volunteering, paid-time-off to volunteer, and incentives for new employees to relocate into the city limits.
 - e. Create a small business recognition program that demonstrated the City’s value and appreciation of our many small businesses. These businesses are a key component of our local economy and our area quality of life.
 - f. Create a plan to utilize crowd funding to fund special businesses and other developments in the downtown, to create a sense of ownership within the community.
2. Another important step in creating a positive image across Michigan would be to develop a strong positive image **externally**. Programs that increase positive perception of non-residents are important in accomplishing this. City staff proposes to improve our image externally by implementing the following strategies:
 - a. Conduct regular press releases that inform the public about the good things happening in Muskegon.
 - b. Develop a strategy that helps identify, clarify, and correct the many myths and misrepresentations of safety and crime in Muskegon.
 - c. Develop a corridor improvement plan that focuses on the City’s key entry points, as well as its key commercial districts. The plan should attempt to address items like beautification/landscaping, road conditions, welcome

- signage, vacant/abandoned buildings, and branding/marketing.
- d. Continue to support and encourage downtown redevelopment and overall transformation of our downtown into a vibrant destination for residents and nonresidents – year-round. This includes developing a sustainable budget and funding plan for our efforts downtown.

Long-Term Finance Plan

Why is a long-term finance plan needed?

From a financial standpoint, Muskegon – like many other urban communities in Michigan – has struggled through a prolonged recession that had extreme and long-term effects on our ability to finance municipal operations. Since 2009, city true cash property values have fallen by nearly \$345 Million(23%); this equates to a loss in taxable value equal to \$173 Million. As property values represent our most significant revenue source, these losses have had a staggering effect on the city’s operations – assuming a millage rate of 9.5, cumulative losses of actual General Fund revenue from 2009 to 2014 exceed \$4.9 Million. At the same time, the city’s second-most significant revenue source, which is derived from state sales taxes, has been reduced by \$14.7 Million cumulatively since 2003 (according to a recent MML study). When adjusted for inflation, compared to 2007, the City has nearly \$5 Million less revenue to utilize for service provision in 2013.

Based on staff estimates, beginning in FY 2014-15, General Fund Revenue will decrease to approximately \$22,950,000, and stabilize at/near \$23,000,000 to for the subsequent 5 fiscal years. This revenue decrease is mostly-attributed to the closure of the BC Cobb Power Plant and continued property value decline throughout the city. Expenses are expected to naturally reach approximately \$25,000,000 in FY 2014-15, and grow at a rate of 1.5% for the subsequent five years, settling at approximately \$27,500,000 in FY 2019-20. The initial growth is partly related to the growth of debt service on Smart Zone Bonds and the continued need to assist with the operational costs associated with the city-owned LC Walker Arena.

In addition to the cost increases described above, the City has identified a number of key community needs. These needs include additional funding for our local neighborhood street system, funding to combat blight in our core neighborhoods, and economic development resources to help create jobs and grow the city’s tax base. City staff has identified approximately \$72,000,000 in needed infrastructure improvements, as well as nearly \$200,000 in annual needed resources for blight abatement activities.

What will this long-term finance plan accomplish?

The City of Muskegon has a long history of being a good steward of public dollars. The City has worked tirelessly to reduce operating costs, eliminate/alter services, and otherwise operate within the confines of our available revenue. However, with nearly 10 years of continued cuts in service and deferred maintenance on our key infrastructure, the City is at a crossroad. Our leadership, along with our voters, is in a position to choose to either continue to allow declining revenue to have a negative impact on quality of life, infrastructure, crime, and other key components of an urban lifestyle, or to begin to invest in services and programs in an effort to

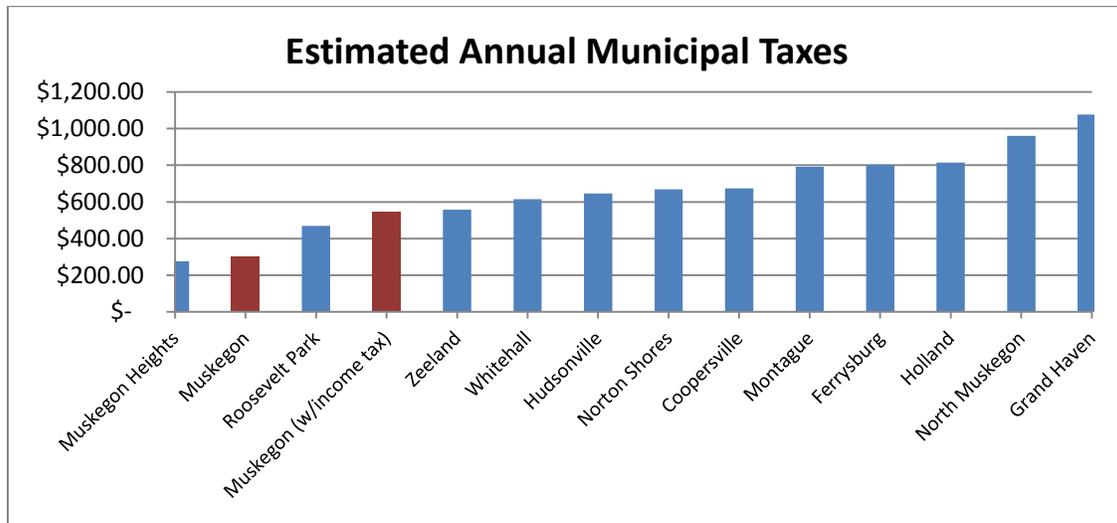
positively impact those same urban lifestyle components. This Action Plan will lay out the steps to accomplish the latter.

Action Plan

City Staff has already identified a structural deficit that will naturally grow to approximately \$2 Million annually over the next two fiscal years. Adequately addressing this structural deficit will be a key component in addressing the city’s decline in resident quality-of-life. Equally as important is appropriately and adequately addressing the city’s challenges related to street infrastructure, neighborhood blight, and economic development (specifically new investments, new jobs, and the completion of the downtown’s transformation). Addressing these key items is expected to be costly, but doing so will have a positive effect on quality-of-life, property values, and the community’s image. It will move Muskegon forward.

Based on the above information, approximately \$2 Million in new revenue (or cuts) is needed annually to retain basic services like police and fire, as well as make the needed investments in blight abatement and economic development. City staff contends that fully-funding this need will put the City in the best position to raise the quality of life of its residents, retain its existing residents, better-attract new residents to the community, and make our city a more attractive place for corporate investment and traditional lending. This plan is also expected to help stop the continued reduction in residential property values, reduce the number of substandard rentals, and move the local housing economy into a position of growth in quality, quantity, and value.

The initial question before we can even begin discussing new revenues has to be: *how do we compare to other cities?* This is a difficult comparison to make, as services vary from city-to-city, as do tax rates and home values. The following graph uses a combination of local millage rates and average housing values to estimate the local municipal taxes of Muskegon and 12 of our neighbors.



According to the graph, Muskegon’s average residential property tax bill is the second-lowest in the group. When also considering the city’s local income tax (median household income of \$25,480), and adding that cost to the property tax bill estimates, Muskegon still remains lower

than all of these cities, with the exception of Muskegon Heights and Roosevelt Park. It appears that, on a per household basis, Muskegon's local property taxes are very competitive with our neighbors.

Assuming that there is in-fact capacity to raise additional local revenue to improve the City, following is the plan proposed to balance the general fund budget for the next five fiscal years:

Approximately \$500,000 can be raised by fully allocating the city's General Fund and Sanitation levies. This would move the General Fund levy from 9.5 Mills to 10.0 Mills and the Sanitation levy from 2.5 Mills to 3.0 Mills. The Promotions Levy would continue to be set at a rate to produce \$50,000 in annual revenue.

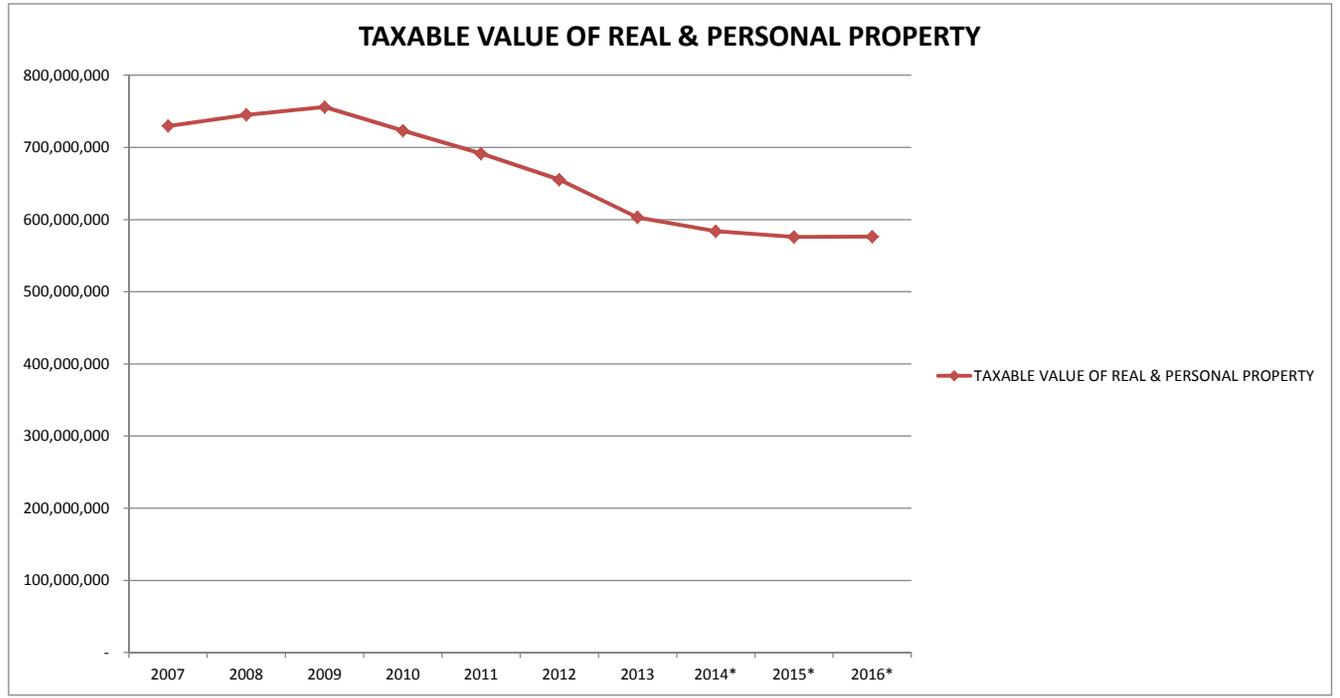
Approximately \$1.5 Million would still need to be raised (or saved) to fully-balance the City's General Fund over the long-term. The most logical expense to remove from the General Fund at this time would be the General Fund transfers to the Major and Local Street Funds (including those for street sweeping). This would represent approximately \$700,000 in annual savings to the General Fund, and leave the structural operating deficit at a more manageable \$800,000. While this portion of the plan helps address the needs of the General Fund, it exasperates the problem with the City's two street funds. Accordingly, the previously-described road funding plan would be utilized to fund road construction/maintenance in subsequent years.

The remaining \$800,000 shortfall could be absorbed during the course of the next two fiscal years as follows:

1. Implementation of a special assessment to cover a portion of the costs to provide streetlights – and to add new street lights in areas of concern. Such an assessment would be passed on to property owners on a per-parcel basis. The total annual cost to operate streetlights in the City is currently \$650,000. Staff recommendation would be to implement an assessment to recoup 75% of those expenses - \$487,000. Assuming 12,000 parcels available to spread the cost, each property owner would be billed \$40-\$50 annually. *There may be additional opportunities to break up the city into special assessment districts by neighborhood. This would allow each neighborhood to request more/less lights, and pass the new cost and/or savings on to their neighbors.*
2. Police/Fire Pension Millage (would be voter-approved). 1 mill would create approximately \$550,000 annually to offset the city's current \$620,000 annual police/fire retirement obligation. The earliest this could become effective is December 2014.
3. The sale of the LC Walker Arena would not likely generate any new capital for the City, but would reduce the City's subsidy by more than \$300,000 annually. The difficult task will be identifying a buyer for the arena given its operating costs.
4. Encouraging more private development at Pere Marquette Park could result in more long-term revenues for the city beginning in July 2015. For every \$1 Million invested, the City could realize \$10,000-\$15,000 in new revenue related to lease payments and property taxes. Additionally, new developments could bring parking revenue to the City, should this option be exercised as discussed previously in this document.

5. For years beyond 2016, we will count on our efforts to attract new development, reduce blight, and improve our community's image to begin to move the city-wide property tax and income tax collections in a positive direction; that keeps up with the anticipated inflationary increases of our annual expenditures.

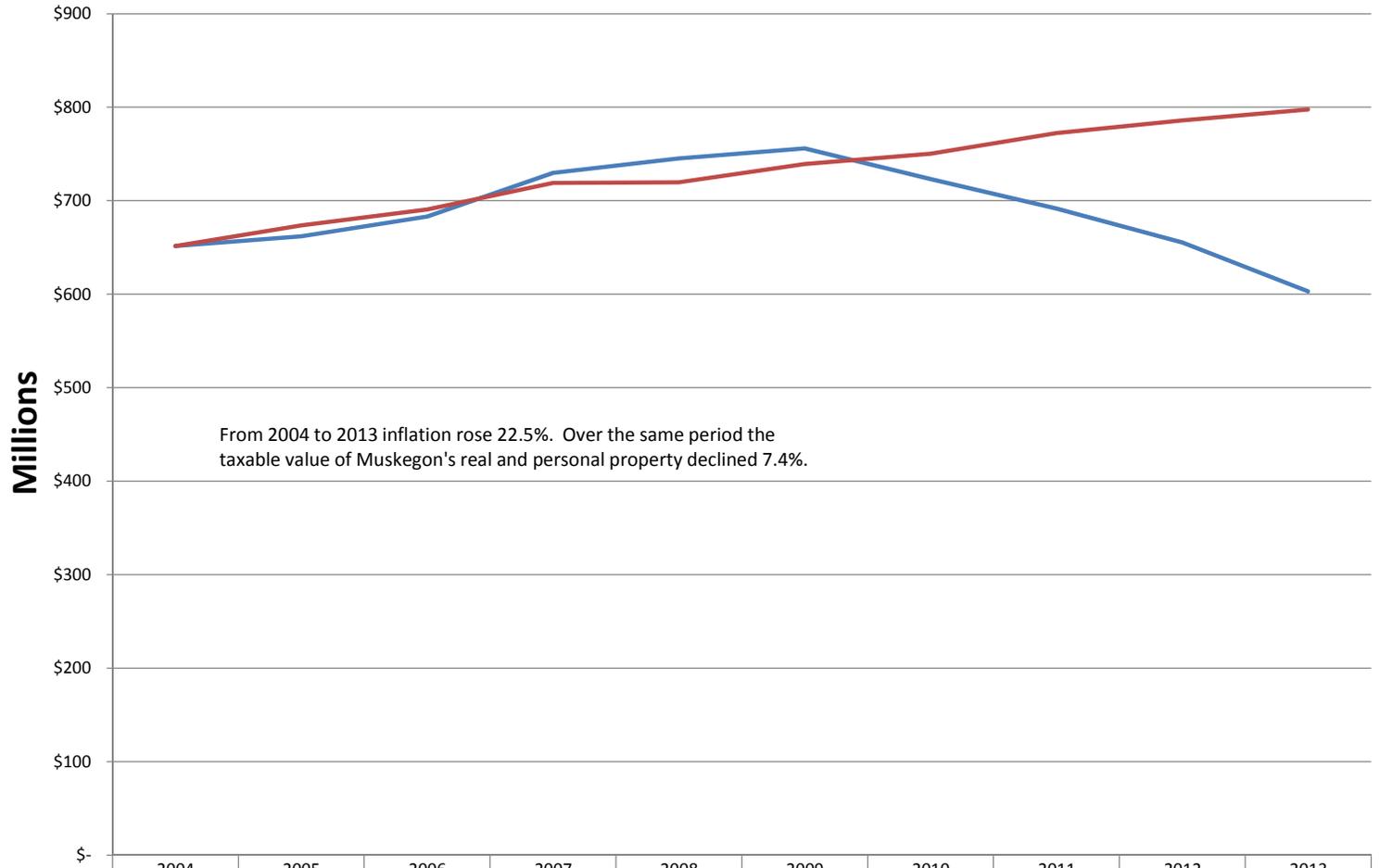
On the following pages, readers will find a number of tables and charts that outline how this action plan will affect our taxpayers, how the new tax level compares to other similarly sized communities, and how the new tax level compares to other local communities.



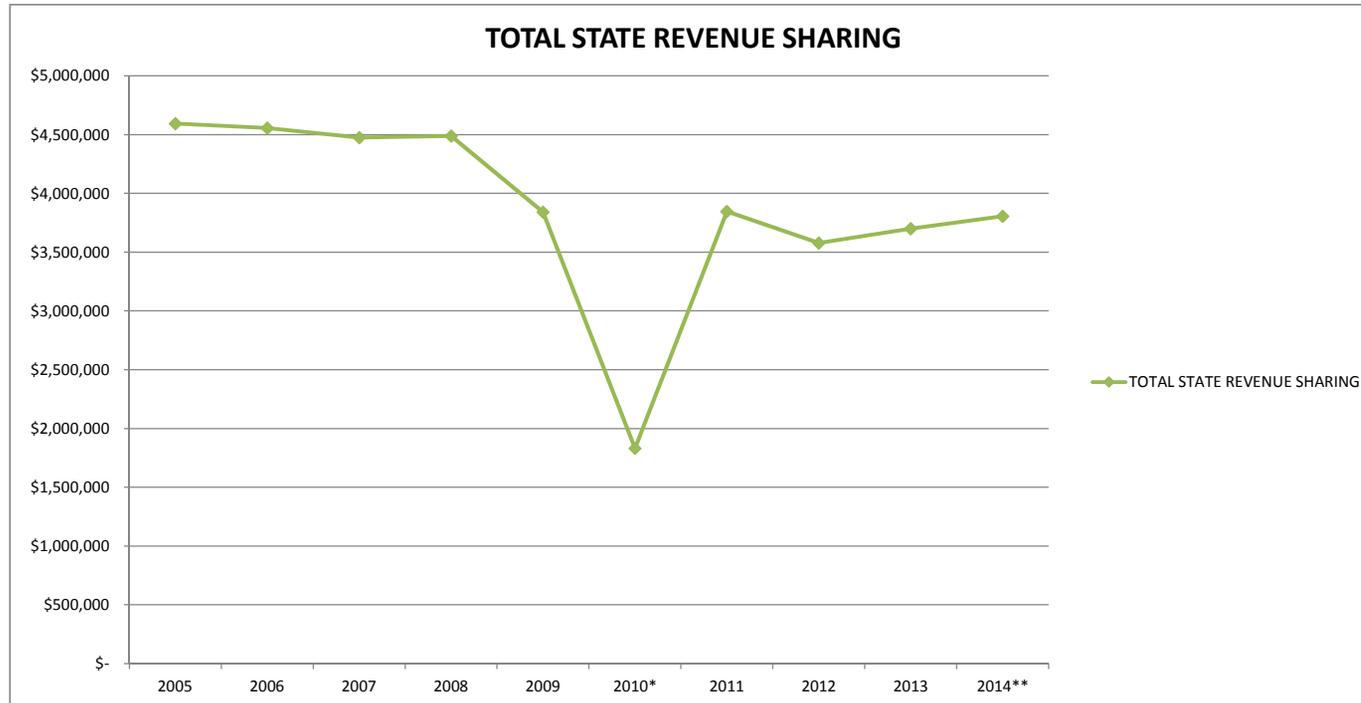
YEAR	TAXABLE VALUE OF REAL & PERSONAL PROPERTY
2007	729,694,929
2008	745,111,000
2009	756,015,381
2010	723,209,538
2011	691,601,163
2012	655,252,112
2013	603,082,080
2014*	583,848,000
2015*	575,954,000
2016*	576,242,000

Note: Taxable values for each year as reported by the Muskegon County Equalization Department for the 2007 through 2013 years.
 * The taxable values for the 2014, 2015, and 2016 years are projected based on anticipated trends.

TAXABLE VALUES OF PROPERTY HAVE NOT KEPT PACE WITH INFLATION



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
— ACTUAL TV OF REAL & PERSONAL PROPERTY	651,394,717	662,007,918	683,046,762	729,694,929	745,111,000	756,015,381	723,209,538	691,601,163	655,252,112	603,082,080
— TV KEEPING PACE WITH INFLATION	651,394,717	673,644,142	690,759,085	718,950,819	719,608,032	739,190,950	750,247,203	772,472,667	785,921,589	797,724,054



Note: Over the years the City's annual share of State Shared Revenue has been cut substantially. In recent years, revenue sharing with the EVIP appears to have stabilized for the time being, but this is a funding source that could be cut again in the future.

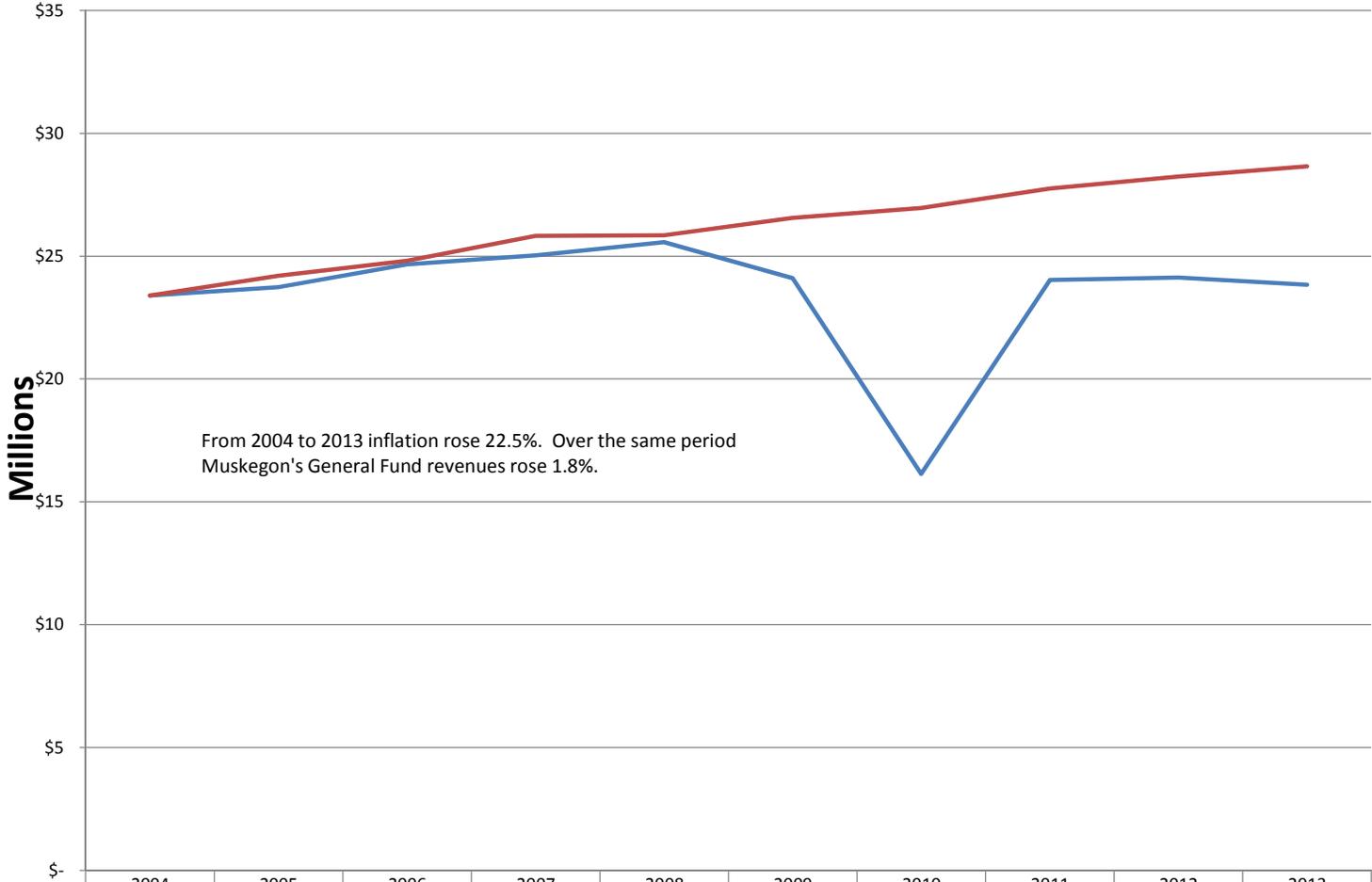
FISCAL YEAR	TOTAL STATE REVENUE SHARING
2005	\$ 4,592,852
2006	\$ 4,556,801
2007	\$ 4,475,462
2008	\$ 4,487,698
2009	\$ 3,841,922
2010*	\$ 1,832,066
2011	\$ 3,846,859
2012	\$ 3,577,848
2013	\$ 3,700,871
2014**	\$ 3,806,443

In FY2014 total State Revenue Sharing is projected to be \$3,806,443 compared to \$4,592,852 in actual State Revenue Sharing received in FY2005 represents an annual decrease of \$786,409.

* Fiscal year 2010 was a short (6 months) stub year due to the fiscal year conversion.

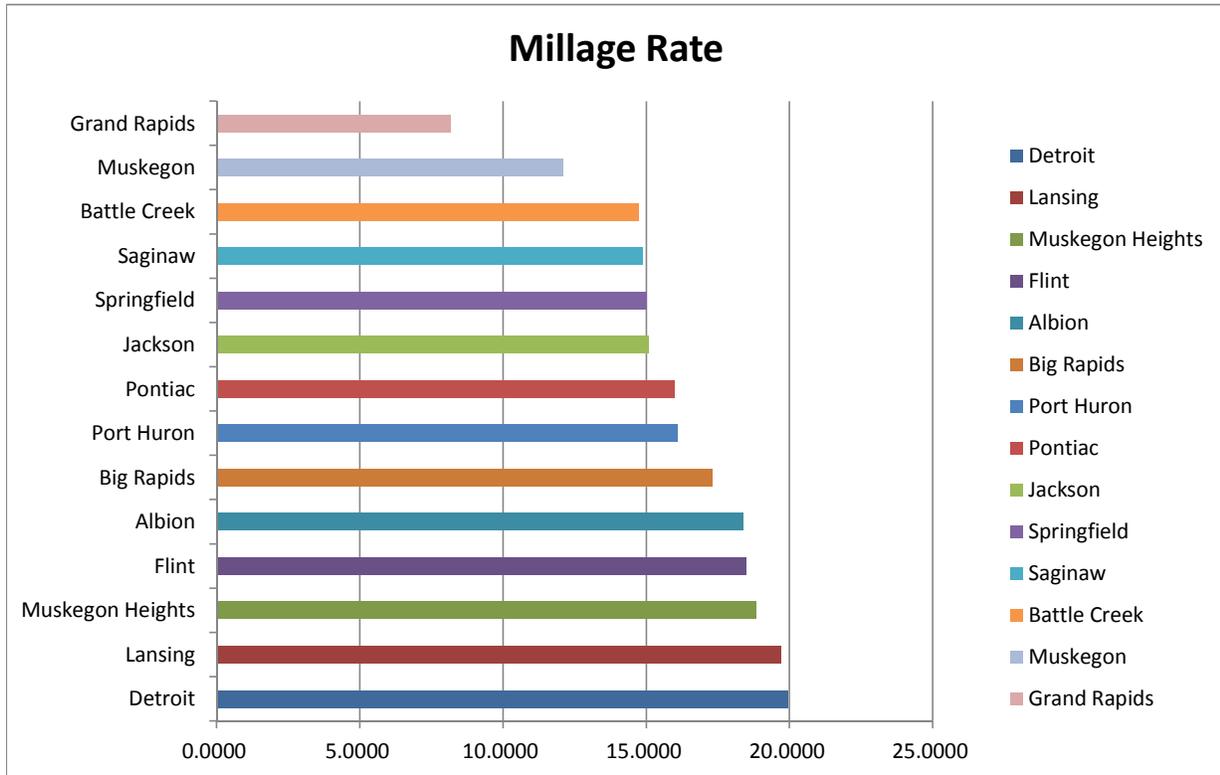
** The fiscal year 2014 amount is projected based on information from the State Treasury Department.

GENERAL FUND REVENUES HAVE NOT KEPT PACE WITH INFLATION



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
— ACTUAL GENERAL FUND REVENUES	23,401,793	23,732,641	24,669,210	25,031,403	25,563,632	24,105,019	16,142,764	24,029,686	24,126,111	23,832,144
— REVENUES KEEPING PACE WITH INFLATION	23,401,793	24,201,119	24,815,984	25,828,791	25,852,402	26,555,932	26,953,135	27,751,600	28,234,761	28,658,773

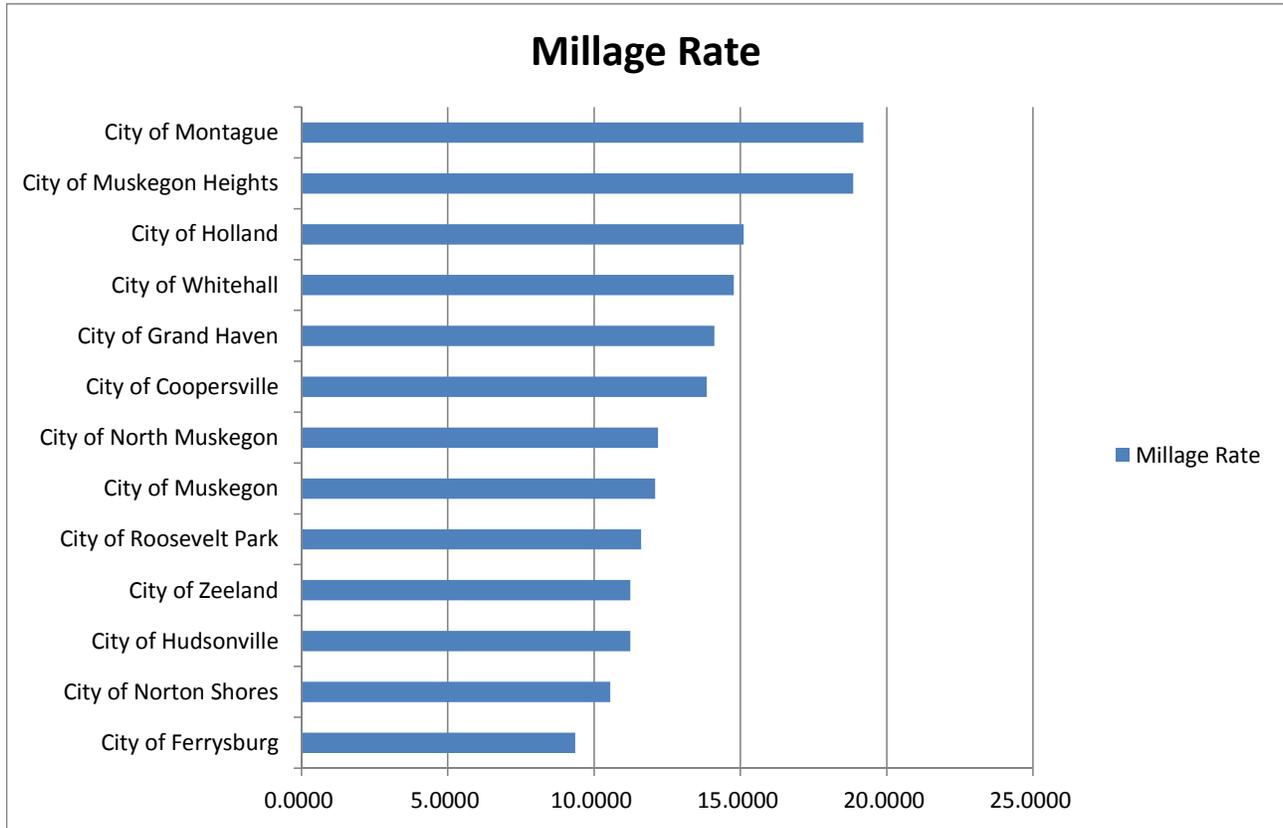
Comparison of 2013 Local Millage Rate for Cities with an Income Tax



City	Millage Rate
Detroit	19.9520
Lansing	19.7000
Muskegon Heights	18.8500
Flint	18.5000
Albion	18.3691
Big Rapids	17.2964
Port Huron	16.0869
Pontiac	16.0110
Jackson	15.0889
Springfield	15.0000
Saginaw	14.8830
Battle Creek	14.7360
Muskegon	12.0865
Grand Rapids	8.1719

Note: Prepared using information from cities in Michigan with an income tax that reported their millage. For 2013, cities with an income tax, except Detroit, Grand Rapids, and Saginaw levy 1.00 percent income tax for residents and 0.50 percent for non-residents. Detroit levies 2.40 percent income tax for residents and 1.40 percent for non-residents. Grand Rapids and Saginaw levy 1.50 percent for residents and 0.75 percent for non-residents.

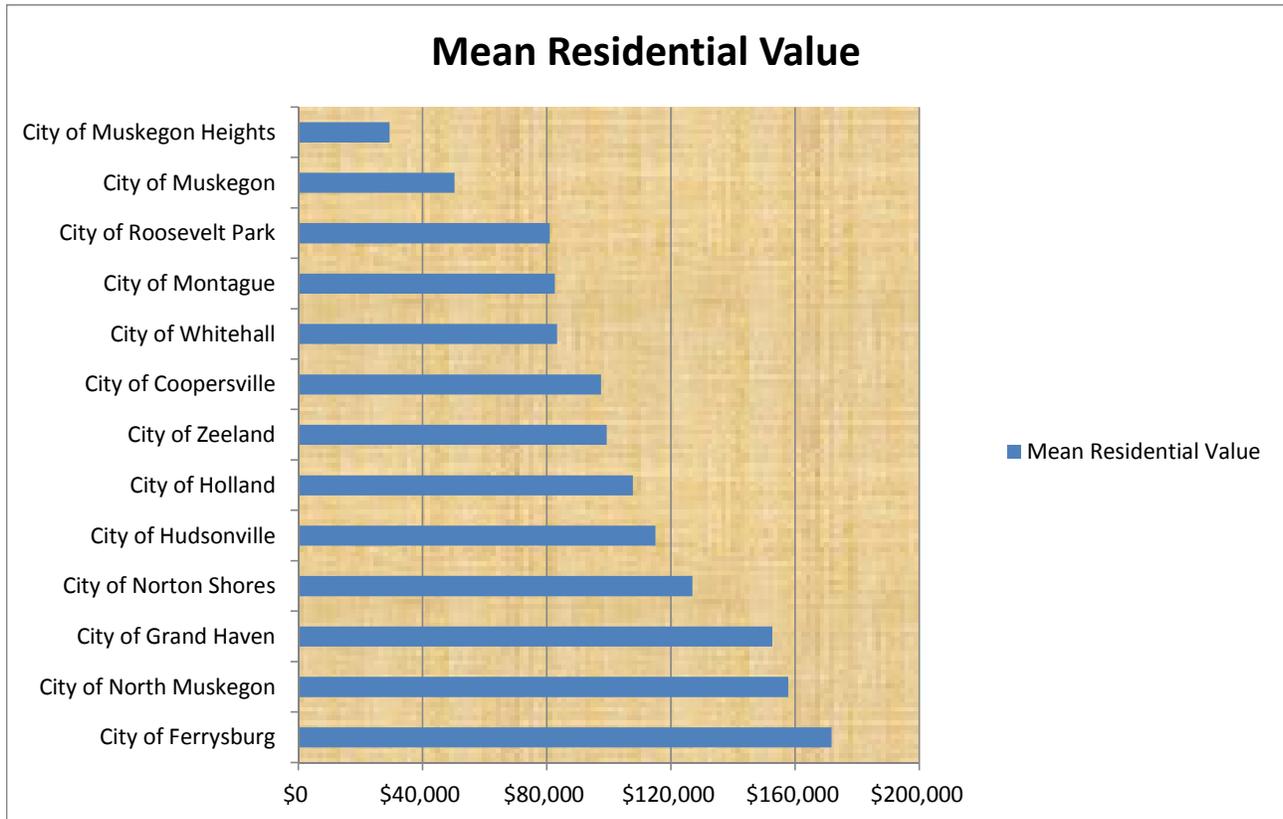
Comparison of 2013 Local Millage Levy of Cities in Muskegon and Ottawa Counties



City	Millage Rate
City of Ferrysburg	9.3530
City of Norton Shores	10.5500
City of Hudsonville	11.2303
City of Zeeland	11.2354
City of Roosevelt Park	11.6000
City of Muskegon	12.0865
City of North Muskegon	12.1849
City of Coopersville	13.8462
City of Grand Haven	14.1111
City of Whitehall	14.7668
City of Holland	15.1085
City of Muskegon Heights	18.8500
City of Montague	19.2000

Note: Local millage rate data obtained from Muskegon County Equalization Department and Ottawa County Equalization Department Equalization Reports for 2013.

Mean Residential Property Values for Cities in Muskegon and Ottawa Counties



City	Mean Residential Value
City of Ferrysburg	\$171,683
City of North Muskegon	\$157,710
City of Grand Haven	\$152,634
City of Norton Shores	\$126,935
City of Hudsonville	\$115,023
City of Holland	\$107,734
City of Zeeland	\$99,285
City of Coopersville	\$97,430
City of Whitehall	\$83,316
City of Montague	\$82,593
City of Roosevelt Park	\$80,941
City of Muskegon	\$50,233
City of Muskegon Heights	\$29,380

Note: Mean residential property values calculated based on data obtained from Muskegon County Equalization Department and Ottawa County Equalization Department Reports for 2013.

Accountability

The plan presented above is highly aggressive and proactive in the manner it attempts to combat the City's great needs – especially related to image, blight, infrastructure, and overall financial needs. In order to keep staff, residents, and elected officials on a path toward effective implementation of this plan, the follow is recommended in terms of accountability:

1. Assignment of responsibility of goal-related tasks to Division and Department Heads.
2. Monthly updates to the City Commission (likely at the monthly work sessions).
3. Explanation of how city commission action(s) would positively/negatively affect our ability to meet our goal(s).