

City of Muskegon  
City Commission Worksession  
January 9, 2012  
City Commission Chambers  
5:30 PM

MINUTES

2012-2

Present: Commissioners Warmington, Gawron, Turnquist, Wierengo, German, Spataro, and Hood.

Absent: None.

**Bayview Tower PILOT.**

Carl Skrzynski and Rick Rick Pennings are in the process of purchasing the Bayview Towers. The property currently has a PILOT, which was approved in 1980, as well as Section 8 status for their 200 elderly designated units. The PILOT arrangement approved by City Commission in 1980 was in effect prior to the current City ordinance and would last as long as the MSHDA mortgage was in effect, not to exceed fifty years (under the current ordinance, new exemptions run for a period of up to 25 years). Therefore, if the current mortgage remained in effect, the PILOT agreement would also remain in effect up until 2030.

Under the current arrangement, Bayview makes an Annual Shelter Rent/Payment in Lieu of Taxes payment of about \$34,000 each year. "Annual Shelter Rent" is defined as the total collections during an agreed annual period from all occupants of a housing project representing rents or occupancy charges, exclusive of any charges for gas, electricity heat or other utilities furnished to the occupants. The Payment in Lieu of Taxes is calculated as 10% of the Annual Shelter Rent.

Under the current arrangement, Bayview also makes a City Service Charge payment of about \$57,000 each year. The City Service Charge is calculated as 3% of "contract rents". Therefore, the total annual payment made by Bayview is approximately \$91,000.

Based on the estimated assessed value from the County Equalization Department, without the property tax exemption, the projected annual property taxes for Bayview Towers would be approximately \$282,900.

Mr. Skrzynski is requesting a 41 year exemption period for a PILOT to be approved for his development. In addition to the PILOT "Contract for Housing Exemption", the City Commission must also approve amendments to the current ordinance to allow for the type of financing proposed by the developer and the number of years for final maturity of the mortgage.

The City Commission will consider this request at their Commission meeting that will be held on Tuesday, January 24, 2012.

**Telephone System.**

Jim Maurer, Information Technology Director, informed the Commission that he has been in negotiations with Central Dispatch to utilize a new telephone system through their fiber-optic lines. The cost will be approximately \$150,000 but it is expected that the City will save \$1,000,000 within 10 years.

This item will be placed on the Commission meeting Tuesday, January 10, 2012 for their consideration.

**City Commission Goal Setting.**

The annual Goal Setting meeting was set for Friday, January 20, 2012. (Later it was revised to January 27, 2012).

**Rental Registration/Inspections.**

City Manager, Bryon Mazade, suggested that the Rental Registration/Inspections policy be re-evaluated by staff for unusual situations that have been brought to his attention.

Staff will re-evaluate the current policy and provide a recommendation to the City Commission for their consideration.

**Adjournment.**

**Motion by Commissioner Hood, seconded by Vice Mayor Gawron to adjourn at 7:12 p.m.**

*MOTION PASSES*

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**Ann Marie Cummings, MMC  
City Clerk**