

CITY OF MUSKEGON

CITY COMMISSION MEETING

FEBRUARY 14, 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, February 14, 2012.

Mayor Warmington opened the meeting with a prayer from Vice Mayor Stephen Gawron 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, and Byron Turnquist, City Manager Bryon Mazade, City Attorney John Schrier, and City Clerk Ann Marie Cummings.

Absent: Commissioner Sue Wierengo (excused).

INTRODUCTIONS/PRESENTATION:

A. Update from Bob Chapla, Community Foundation. Bob Chapla and Chris McGuigan gave an update of the two recent donors for the Hackley Park and Lakeshore Trail projects

2012-10 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve minutes of the January 24th City Commission Meeting and the January 27th Special Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

B. W-732 High Service Switchgear Repair/Upgrades. WATER FILTRATION

SUMMARY OF REQUEST: Award the High Service Pumps Switchgear repair/upgrade (W-732) to DVT Electric, Inc., 5151 S. Division St., Wyoming, MI since they were the lowest responsible bidder with a bid price of \$133,680.

FINANCIAL IMPACT: This upgrade was budgeted at \$175,000 which includes

engineering services of \$24,950 previously approved, July 11, 2011.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Staff concurs with the engineer's recommendation and recommends City Commission award the repair/upgrades to DVT Electric, Inc. for \$133,680.

C. 2012-2013 City Commission Goals. CITY MANAGER

SUMMARY OF REQUEST: To approve the list of goals for 2012-2013. This list is the result of the goals setting session held on January 27, 2012.

FINANCIAL IMPACT: Unknown at this time.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To approve the list of goals.

COMMITTEE RECOMMENDATION: The City Commission met on January 27, 2012 and identified the list of goals for 2012-2013.

D. Request to Amend the Resolution Approving the Exemption of New Personal Property (PA 328) – ADAC Plastics. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: The State of Michigan Property Services Division has requested that the City amend resolution 2011-84(a) for the approval of the Exemption of New Personal Property for ADAC Plastics. The act has undergone several amendments over the past two years and the State is now requiring additional information in the resolution.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the revised resolution.

E. Employee Compensation Plan – EVIP. FINANCE

SUMMARY OF REQUEST: Under the Economic Vitality Incentive Program (EVIP) adopted by the State last year, the City must meet certain criteria in order to continue receiving the non-constitutional portion of State revenue sharing funds. The first criterion was to prepare and make available a citizen's guide and performance dashboard by October 1, 2011. The second criterion was to certify to the Michigan Department of Treasury that by January 1, 2012, we have produced and made readily available to the public, a plan with one or more proposals to increase its existing level of cooperation, collaboration, and consolidation, either within the jurisdiction or with other jurisdictions.

The third and final criterion is to certify to the Michigan Department of Treasury that by May 1, 2012, we have developed an employee compensation plan, which we intend to implement, with any new, modified, or extended

contract or employment agreement, for employees not covered under contract or employment agreement; and that the plan has been made available for public viewing in the Clerk's office or posted on a publicly accessible Internet site.

The ***Economic Vitality Incentive Program - Employee Compensation Plan Component*** is presented for your approval. It shows the specific benefit standards as set by the state EVIP legislation and how the City either has met or intends to meet these standards in future contracts and employment agreements.

Once approved by the City Commission, the plan will be submitted to the Michigan Department of Treasury and made available to the public on the City's website.

FINANCIAL IMPACT: Failure to submit the plan to the State could result in the loss of \$321,642 – the employee compensation plan portion of the EVIP payment.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Commission approval of the plan and authorization for staff to submit the plan to the Michigan Department of Treasury.

F. Second Quarter 2011-12 Budget Reforecast. FINANCE

SUMMARY OF REQUEST: At this time, staff is transmitting the ***Second Quarter 2011-12 Budget Reforecast*** which outlines proposed changes to the original budget that have come about as a result of changes in revenue projections, policy priorities, labor contracts, updated economic conditions, or other factors.

FINANCIAL IMPACT: Specific proposed changes to the budget include:

- The projected 2011-12 operating deficit for the General Fund has decreased from \$885,728 (original budget) to \$234,007. This is primarily due to:
 - Higher anticipated income tax revenues (+\$300,000 from original) and
 - Higher anticipated State-shared revenues (+\$490,888 from original)
- General Fund Expenditures have been adjusted slightly and are about 1% higher than originally budgeted.
- Capital projects have been reforecast based on bid results, grant awards and other factors. Overall capital projects are down from \$6.9 million (originally budgeted) to \$6.3 million. Mostly this is due to the fact that the Sherman Street (Lincoln to Estes) project has been pushed to next year.

BUDGET ACTION REQUIRED: Approval of this budget reforecast constitutes a formal amendment to the City's 2011-12 budget.

STAFF RECOMMENDATION: Approval.

G. Financial Management Software. FINANCE

SUMMARY OF REQUEST: The City's financial management software is

sixteen years old and the developer has indicated they will be phasing out the system over the next few years. Staff has explored various options and believes the best route is to replace the current systems with BS&A financial software. This system has become the standard in Muskegon County which could be an important factor in future intergovernmental initiatives. Moreover, several modules of the software are already being used by the City and completing the suite will allow for better internal systems integration and resultant savings.

FINANCIAL IMPACT: The upfront cost for the system is \$143,470 payable in 3 equal installments (\$47,823) over three years with no interest. The system will save \$15,548 in annual licensing fees and result in significant staff time savings through better integration of financial system components. For example, the City currently uses BS&A utility billing software which will interface directly with the BS&A general ledger system, greatly reducing manual transaction postings.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Acceptance of the proposal as submitted by BS&A software.

H. Community Relations Committee Recommendations for Various City Boards and Committees. CITY CLERK

SUMMARY OF REQUEST: Accept the resignations for John Rolowitz from the Housing Board of Appeals and Phillip Okerlund from the Local Development Finance Authority. Appoint Raymond Hilt to the Zoning Board of Appeals, Ruby Clark to the Citizen's Police Review Board and Michael McPhall to the Construction Code Board of Appeals. Remove the Board of Canvassers from the Community Relations Index.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval.

Motion by Vice Mayor Gawron, second by Commissioner German to approve the Consent Agenda as presented.

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

Nays: None

MOTION PASSES

2012-11 UNFINISHED BUSINESS:

A. SECOND READING: PILOT Request – Bayview Towers – Ordinance Amendment. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Carl Skrzyński 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. The Commission approved the Ordinance Amendment on January 24 by a 4-3 vote. Therefore, it is necessary to have a second reading. In addition, the ordinance amendment approved by the Commission on January 24th gave only 24 months for the developer to obtain MSHDA financing. In actuality, it should be 27 months (Section 82-50 (4) (4)).

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 Spataro, second by Commissioner Hood to adopt the ordinance amendment with the correction described by the Attorney Schrier.

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

Nays: Gawron

MOTION PASSES

B. PILOT Request – Bayview Towers – Contract Revision. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: The PILOT Contract between Bayview Partners Limited Dividend Housing Association L.L.C. and the City of Muskegon was approved by the City Commission on January 24, 2012. However, the length of time allowed for the developer to obtain a reservation of low income housing tax credits, or an Authority loan commitment or a HUD-insured loan should have read “twenty seven months”, not “two years”.

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 Service 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: To approve the revised Contract and authorize the

Mayor and Clerk to sign.

Motion by Commissioner Spataro, second by Commissioner German to approve the PILOT request contract revision with the additional amendment as described by the City Attorney.

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

Nays: Gawron and Turnquist

MOTION PASSES

ANO OTHER BUSINESS: Commissioner Spataro commented on the street lighting bill and Fisherman's Landing.

ADJOURNMENT: The City Commission Meeting adjourned at 6:13 p.m.

Respectfully submitted,

Ann Marie Cummings, MMC
City Clerk