

CITY OF MUSKEGON

CITY COMMISSION MEETING

MARCH 27, 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, March 27, 2012.

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

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

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

Absent: Mayor Stephen Warmington and Commissioner Sue Wierengo (excused)

2012-18 INTRODUCTIONS/PRESENTATION:

A. Social Justice Committee.

Rev. Samuel Greer Jr., updated the Commissioners on the progress of the Committee.

2012-19 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve minutes of the March 12th Commission Worksession Meeting and the March 13th City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

B. 2012-13 Healthcare & Wellness Program. FINANCE

SUMMARY OF REQUEST: It is time to renew the City's healthcare coverage for 2012-13 plan year (6/1/12-5/31/13). Renewal premiums for the City's current healthcare program have come in at a 7.90% increase over the current year. Last year we experienced an 8.83% increase and in 2010 the increase was 9.45%. In comparative terms, the rate increase is moderate as many

employers are experiencing double-digit increases. Also, the City's healthcare costs remain well below the "hard cap limits" set by PA 152 and remain cost competitive with the standards set by EVIP for new hires.

For 2012-13, the City will continue to pay the HRA deductible if the employee and spouse complete the four-step wellness initiative prior to April 30th; non-participants in the wellness program pay the first \$500 (single)/\$1,000 (double/family) of the deductible.

FINANCIAL IMPACT: Following is an estimate of gross premium costs for the Priority Health HMO program compared with the current year:

	2012 - 2013			2011 - 2012		
	Single	Double	Family	Single	Double	Family
Monthly Premium	\$ 411.99	\$ 926.96	\$ 1,112.37	\$ 381.84	\$ 859.12	\$ 1,030.95
Annual Premium	4,943.88	11,123.52	13,348.44	4,582.08	10,309.44	12,371.40
Current # Employees	35	40	134	35	40	134
Total Annual Premium	173,035.80	444,940.80	1,788,690.96	160,372.80	412,377.60	1,657,767.60
		2,406,667.56	7.90% Increase		2,230,518.00	
Add: HRA Deductibles Paid by City		140,056.47				
Less: Employee Premium Copays		(182,471.00)				
Equals: Employer Cost		\$2,364,253.03				

PA 152 Hard Cap Limits

\$ 5,500.00	\$ 11,000.00	\$ 15,000.00
192,500.00	440,000.00	2,010,000.00
	\$2,642,500.00	

EVIP Standards for New Hires

\$ 5,085.22	\$ 10,170.85	\$ 14,035.73
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Most employees currently pay 10% of the above premium costs via payroll deduction. Fire employees will start paying 10% effective 1/1/13. The contract for Police Patrol is currently unsettled.

BUDGET ACTION REQUIRED: Employee and retiree healthcare costs will be included in the forthcoming 2012-13 budget.

STAFF RECOMMENDATION: Authorize staff to execute documents with Priority Health to renew healthcare coverage.

D. Sale of Buildable Vacant Lot at 1660 7th Street. PLANNING &

ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve the sale of a vacant buildable lot at 1660 7th Street (Parcel #24-205-440-0004-00) to Theresa Strother, 1640 7th Street (adjacent properties). The lot is 101 x 134 ft. and Mrs. Strother is offering \$1,000 plus the fee to register the deed. The City has owned the property since 1996 and there have been no inquiries for potential construction.

FINANCIAL IMPACT: The sale of this lot will generate additional tax revenue for the City and will place the property back on the City's tax rolls thus relieving the City of continued maintenance costs.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution and to authorize both the Mayor and the Clerk to sign said resolution and deed.

E. Sale of Buildable Vacant Lot at 354 McLaughlin Avenue. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve the sale of a vacant buildable lot at 354 McLaughlin Ave (Parcel #24-205-261-0005-00) to Maria Jaimes, 1242 Spring St (adjacent properties). The lot is 67 x 132 ft. and Mrs. Jaimes is offering \$1,000 plus the fee to register the deed. The City has owned the property since 2006 and there have been no inquiries for potential construction.

FINANCIAL IMPACT: The sale of this lot will generate additional tax revenue for the City and will place the property back on the City's tax rolls thus relieving the City of continued maintenance costs.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution and to authorize both the Mayor and the Clerk to sign said resolution and deed.

Motion by Commissioner Spataro, second by Commissioner Turnquist to approve the Consent Agenda with the exception of item C.

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

Nays: None

MOTION PASSES

2012-20 ITEM REMOVED FROM THE CONSENT AGENDA:

C. Request to Submit a Grant Application to Reconstruct Getty Street from Evanston to Apple Avenue. ENGINEERING

SUMMARY OF REQUEST: Authorize staff to submit a grant application to MDOT for TEDF-F funds to reconstruct Getty Street from Evanston to Apple Avenue. The request is for \$375,000 and will require a match of up to \$350,000 which will have to be budgeted for in the spring of 2013 since the grant application is 2014.

FINANCIAL IMPACT: A local share of \$350,000 match plus engineering costs.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Authorize staff to submit the application.

Motion by Commissioner Spataro, second by Commissioner Hood to approve the request to submit a grant application to reconstruct Getty Street from Evanston to Apple Avenue.

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

Nays: None

MOTION PASSES

2012-21 PUBLIC HEARINGS:

A. Request for the Establishment of an Industrial Development District at 444 Irwin Avenue. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Pursuant to Public Act 198 of 1974, as amended, Graphics House Sports Promotions, Inc. has requested to establish an Industrial Development District at 444 Irwin Ave. The company has recently purchased the property and will eventually be making improvements to real and personal property on site. The establishment of the district will allow the company to become eligible for Industrial Facilities Tax Abatements (IFT's).

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the establishment of the Industrial Development District.

The Public Hearing opened to hear and consider any comments from the public. Mr. Dan McKennen, from Graphics House Sports Promotions, Inc. spoke.

Motion by Commissioner Spataro, second by Commissioner German to close the Public Hearing and approve the request for the establishment of an Industrial Development District at 444 Irwin Avenue.

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

Nays: None

MOTION PASSES

2012-22 NEW BUSINESS:

A. DDA On-Premise Liquor License for Curry Kitchen. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve the resolution approving a Downtown Development Authority On-Premise Liquor License for Curry Kitchen. The Liquor Control Code allows for additional liquor licenses within Downtown Development Authority Districts under certain conditions.

FINANCIAL IMPACT: Approval of the Liquor License will allow for a new

restaurant in the downtown area which should result in increased revenue for the City.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution.

Motion by Commissioner Spataro, second by Commissioner Hood to approve the request for a DDA On-Premise Liquor License for Curry Kitchen.

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

Nays: None

MOTION PASSES

B. Water Rate Increase. FINANCE

SUMMARY OF REQUEST: City water rates were last increased January 1st 2005. The economic downturn has caused water usage to drop even while costs for electricity, treatment chemicals and labor have risen steadily over this period. In FY 2011, the City's water fund experienced a \$330,504 net loss – the third consecutive year of losses (including the shortened fiscal period ended 6/30/10). Accordingly, staff is recommending a 10% water rate increase (from \$1.40/HCFE to \$1.54/HCFE) effective July 1, 2012.

FINANCIAL IMPACT: The rate increase will generate an estimated \$410,000 in additional water revenue annually.

The following table compares existing and proposed rates to other area communities and provides an estimate of the monthly impact on typical households:

	Rate	Measure	7,500Gallons/month			15,000Gallons/month		
			Commodity	Fixed	Total	Commodity	Fixed	Total
Muskegon (Current)	1.40	100Cu.Ft.	14.00	-	14.00	28.00	-	28.00
Whitehall	2.00	1000Gal.	15.00	-	15.00	30.00	-	30.00
Muskegon (Proposed)	1.54	100Cu.Ft.	15.40	-	15.40	30.80	-	30.80
Grand Haven	1.86	1000Gal.	13.98	7.00	20.98	27.96	10.32	38.28
Muskegon Hts.	1.98	1000Gal.	14.85	7.79	22.64	29.70	7.79	37.49
Montague	2.25	1000Gal.	16.88	7.00	23.88	33.75	7.00	40.75
Grand Rapids	1.72	100Cu.Ft.	17.20	10.17	27.37	34.40	10.17	44.57
Norton Shores	3.55	1000Gal.	26.63	8.22	34.85	53.25	8.22	61.47
North Muskegon	3.10	100Cu.Ft.	31.00	8.33	39.33	62.00	8.33	70.33
Roosevelt Park	3.38	1000Gal.	25.35	24.93	50.28	50.70	24.93	75.63

BUDGET ACTION REQUIRED: Revenue estimates included in the forthcoming 2012-13 budget will be based on the new rate structure.

STAFF RECOMMENDATION: Approval of the resolution increasing water rates

effective July 1, 2012.

Motion by Commissioner Spataro, second by Commissioner Turnquist to approve the resolution increasing water rates effective July 1, 2012.

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

Nays: None

MOTION PASSES

PUBLIC PARTICIPATION: Public comments received.

ADJOURNMENT: The City Commission Meeting adjourned at 6:02 p.m.

Respectfully submitted,

Ann Marie Cummings, MMC
City Clerk