

September 8, 2008

Regular meeting of the Ludington City Council held in the Council Chambers of the Municipal Building on Monday, September 8, 2008, at 7:30 o'clock p.m.

Present: His Honor Mayor John Henderson, Councilors Kaye Holman, Paul Peterson, Greg Dykstra, Brent Scott, Pete Enblade, and Gary Castonia.

Absent: Councilor Weston who was excused.

Also present were City Manager John Shay, Police Chief Mark Barnett, Fire Chief Jerry Funk, City Treasurer Mary Reeds-Mortensen, and City Clerk Deborah Lusk.

Invocation was pronounced by Councilor Pete Enblade.

Pledge to the Flag was given.

Moved by Councilor Dykstra, seconded by Councilor Holman, that the Agenda be approved as presented. Councilor Enblade asked to amend the agenda to discuss the purchase of Varsity Cleaners site for the new fire station as noted in a memorandum attached to the ordinance. His Honor Mayor Henderson stated that the purchase of property for the fire station was not part of the rezoning ordinance that Councilor Enblade referred to and asked City Manager Shay if the reference to the Varsity Cleaner property was part of the Development Agreement. City Manager Shay explained that the Development Agreement speaks of the money that will be captured by the Brownfield Authority and it speaks of the development of the project, it does not specifically state that the City would purchase the former Varsity Cleaner property. In terms of the actual agreement that dictates the purchase of the Varsity Cleaners site, this would be the purchase agreement which would have to be approved by the City and Western Land Services and this has not been finalized yet. Councilor Enblade asked that the reference to purchasing the Varsity Cleaners property be added to the agenda for discussion because the City already has property which was purchased for the fire station. His Honor Mayor Henderson suggested that this discussion be added under Communications from City Officials Item b (1). Moved by Councilor Enblade, seconded by Councilor Scott to amend the agenda to include this discussion of the purchase of the Varsity Cleaners property for the new fire station. Councilor Holman opposed this amended motion. Motion Carried. The original motion was brought back to approve the agenda as presented. Councilor Holman opposed this motion. Motion Carried.

The meeting was opened for public comments.

Lucy Plowe Kuras, 602 E. Lowell, explained that she lives on two lots across the street from the proposed fire station. She identified the various neighbors that would be in close proximity to the proposed fire station. It was noted that there were approximately 200 people making their homes in this area with the Evergreen Apartments across the street having another 120 people living there. There is a lot of congestion in this area seven days a week. She explained that she is sure there is another location in the City which would provide a better location for the fire station.

Ken Cleypool, 3200 Wild Ridge, Grand Rapids, Mi, questioned the Council on the status of Cartier Park. He explained that over the past 4 years his family has kept a seasonal residence in Cartier Park and that during the past couple of years there has been a gross deterioration of this property. The appearance of the Park is such that there is no pride by the City in this property. He is challenging the City to show pride in this property, to hire qualified people who will staff this property. He stated that the City of Ludington is a wonderful place for families who come to Ludington from Grand Rapids. He used the example of his receipts for items his family spent from Memorial Day until today and these receipts totaled \$6,700. He asked to be a part of the Committee which will select the organization who will staff this Park. His Honor Mayor Henderson explained that this item will be discussed in the Parks portion of the agenda.

James Zeman, 1410 W. Chilberg, Scottville, and a landlord in Ludington. He explained that he has spent almost \$500 a year on garbage disposal in the City of Ludington. He was upset because on August 6th, there was a garbage pickup after two tenants left leaving several bags of garbage and boxes in front of the house and Allied Waste did not pick up this garbage. A neighbor then made a complaint and Allied Waste picked up the garbage. They charged him for 12 bags of garbage and 5 bulky item stickers. He brought this matter to the attention of the City Manager and did not feel he got a reasonable answer. He believes that he is being over charged for this pickup. His Honor Mayor Henderson stated that this will be addressed at the Public Utilities Committee and that he will get an invitation to attend this meeting.

His Honor Mayor Henderson stated that the Parks Committee is going to meet on the Cartier Park issue and will invite with Ken Cleypool to attend this meeting.

Bruce Fletcher, 306 S. Ferry, questioned the timing of the 44 being spotted in the location of the West Ludington Avenue. His Honor Mayor Henderson explained that this would be listed under the Waterfront Committee discussion.

After no further comments were received, the regular order of business was resumed.

Moved by Councilor Holman, seconded by Councilor Dykstra, the minutes of the regular meeting held 08/25/08, be approved as printed. Motion Carried.

Moved by Councilor Holman, seconded by Councilor Peterson, that the Finance Report with total expenditures in the amount of \$736,511.15 for this period be approved and orders drawn according to the City Charter. Motion Carried.

RESOLUTION TO REQUEST AN EXTENSION OF A RENAISSANCE RECOVERY ZONE

WHEREAS, the City of Ludington desires to promote economic activity and maintain/increase the number of jobs available to residents of the area, and;

WHEREAS, certain industries in the state are facing difficult times and the tool and die industry, in particular, has sustained losses due to foreign competition and increased productivity;

WHEREAS, the designation of a Renaissance Recovery Zone will temporarily reduce the tax burden paid by the business enabling it to reposition itself to compete globally, and;

WHEREAS, the business has entered into a collaborative agreement with other business entities having the appropriate North American industrial classification, and;

WHEREAS, the qualified tool and die business property is property leased or owned by a tool and die business and used primarily for tool and die operations;

WHEREAS, should the area be designated a Renaissance Recovery Zone, property within that zone will be exempt from taxes levied by the city, county, and other units of government as provided under this Act, and;

WHEREAS, we estimate that the tax revenue lost would be a small fraction of the benefits the designation of a Renaissance Recovery zone will bring the community, and;

WHEREAS, this City Council did, on August 14, 2006, pass a resolution for the establishment of a Tool & Die Renaissance Recovery Zone for Harrington Tool Company for a period not to exceed 5 years, and;

WHEREAS, on December 20, 2006, the Michigan Strategic Fund did resolve and approve a Tool & Die Renaissance Recovery Zone for the Muskegon Tooling Alliance, of which Harrington Tool Company is a member, for a period of 5 years, beginning January 1, 2007,

NOW, THEREFORE BE IT RESOLVED, that the City of Ludington requests that the Michigan Strategic Fund extend the designation for Harrington Tool Company, 105 N. Rath Avenue, Ludington, MI, according to the legal description attached, including all personal property located within that site, by a resolution for a Renaissance Recovery Zone under Public Act 376 of 1996 for a period of an additional 5 years, for a total of 10 years, ending December 31, 2016.

Moved by Councilor Holman, seconded by Councilor Peterson, to adopt the foregoing Resolution. The representatives from Harrington Tool were available to answer questions. His Honor Mayor Henderson explained that Harrington Tool is a local business downtown with 26 employees trying to make progress in a tough tool and die world and with the extension of this act this will free up some additional capital to invest in the building which will give them some help to get through the hard economic times and stage them for future success. Motion Carried.

Police Chief Mark Barnett presented the August Monthly Police Department Activity Report.

Moved by Councilor Castonia, seconded by Councilor Scott, to approve the low bid from Hallack Contracting in the amount of \$48,727.00 for the Rowe Alley Sewer Project. The engineer's estimate for this project is \$60,027.00, including contingencies. The Public Utilities Committee is recommending accepting the low bid from Hallack Contracting. Councilor Castonia questioned in looking over the bids, why is one bid far below the others. City Manager Shay stated one of the reasons he has heard is it is getting close to the end of the season and Hallack would like to add on to other projects in town to reduce the amount of unemployment compensation they have to pay in the off season. It was explained that Hallack is a company the City has done business with in the past and we have more of a trust factor with them. Councilor Engblade stated that the completion date is early October and asked if there would be a penalty fee built into this agreement if the work is not completed. City Manager Shay has not seen a contract yet, but generally there is a penalty fee built into the contract, and he will review this contract when it is put together. Councilor Dykstra asked if he should abstain as he has some property that ties into the Rowe Street Alley Sewer. City Attorney Anderson stated that it is not necessary to abstain unless he is affected financially with this motion. Councilor Peterson asked about the likelihood of change orders. City Manager Shay stated that there is the possibility of change orders, in that the City has made proposals to the residents to extend the sewer lateral from the main to their house. Change orders may happen based on the quantity of additional pipe needed. Motion Carried.

Ordinance No. 186-08, an ordinance to amend the City of Ludington Zoning Ordinance No. 23-00, to rezone Original Plat, Lots 6 and 7, Block 46, also known as 206 W. Loomis St. from G-1 (Government Service District) to CBD (Central Business District) and to rezone Original Plat, Lots 8, 9, and 10, Block 46, also known as 206 W. Loomis St. from P (Parking) to CBD (Central Business District), was presented for the first reading. The Planning Commission did review and approve this.

Ordinance No. 186-08 shall be presented for adoption on 9/22/08 and is available for public inspection in the City Clerk's office during regular business hours.

Councilor Dykstra stated that the Cemetery and Parks Committee are planning to meet this month to discuss the management of Cartier Park. He stated that the City does take personal pride in this Park. He is using the money generated from the Park to make the necessary changes and this is a slow process. Councilor Castonia did note that you can have older things and keep them clean and used the example of keeping the bathrooms clean.

Councilor Peterson stated that we received the report from the environmental people on the City's phase of the environmental study of the Coast Guard Station. City Manager Shay stated that in terms of the underground soil or ground contamination, they did not find anything, yet there was lead based paint and asbestos in the building. The City plans to meet with the environmental consultant to discuss this and to determine if this is a major issue. With respect to the West End of Ludington Avenue Project mentioned in the public comment, this is a multi-phase, multi-year process where the phases will be completed based on funds available. The City has applied for grant funds for part of this project (walkway over the breakwater at the Loomis Street Boat Launch). With respect to the 44, the City is working with former Coast Guard members, looking to create a cradle for the boat. Nothing has been completed as yet but the City continue to work on this project.

Moved by Councilor Castonia, seconded by Councilor Holman, to approve the Development Agreement among Western Land Services, the City of Ludington, and the Mason County Brownfield Redevelopment Authority. City Manager Shay summarized and explained that Western Land Services is proposing to build a new headquarters building in downtown at the site of the current fire station along with reconstructing the parking lot on the east of this project. Because of the office building going in where the current fire station is, the City is looking to demolish the fire station building and putting the fire trucks and equipment in temporary locations until such time as the new station is built. The City has two sites for the new station, one on Dowland Street, which it currently owns, and the other at the former Varsity Cleaners location. The City has applied for a Community Development Block Grant to pay for the reconstruction of the parking lot and to relocation of power lines. With the Brownfield Plan and Development Agreement, Western Land Services will pay for the costs of this project up front, such as some of the environmental investigation, site preparation for the building, the demolition, public infrastructure, relocation of the fire station and the construction of the new fire station, and if Council agrees to pursue the Varsity Cleaners property, the purchase of this property, along with the Brownfield fees, and some contingencies. The taxes generated on the Western Land Services site, which currently have no taxes collected on, would be captured by the Authority and reimbursed to the developer for the costs agreed to be reimbursed. Included in the Brownfield, is the cost to construct a new fire station. The Authority would agree to reimburse the developer for the interest cost incurred by Western for the construction of the fire station only, because the Brownfield statute does allow taxes to be captured for the relocation of public buildings. City Manager Shay reminded Council that a Brownfield Plan was passed a couple of years ago to move the Parole and Probation Departments of the County from the old Hospital over to the Jail, and the County said it would be willing to assist the City in this project in terms of the interest, but asked that the City be willing to amend that Brownfield Plan to include some of the interest costs on that project as well.

Representatives from Western Land Services were available to answer questions and presented a rendering of the project. Joe Hooker of Christman Company presented the details of this project explaining that there are five floors of occupied space with the parking in a lower level. City Manager Shay clarified that the Brownfield Authority approved the Brownfield Plan and Western Land Services asked for a few changes in the Development Agreement which the City Attorney approved, but it will be brought back to the Brownfield Authority next month. Councilor Scott explained that the Christman Company is known for hiring people locally for their jobs. Councilor Dykstra stated that this is in line with the City's goals to bring people downtown. Councilor Scott abstained on this motion as he may bid on the project. Motion Carried.

Moved by Councilor Holman, seconded by Councilor Dykstra, to approve the Western Land Services Brownfield Plan for Western Land Services. Councilor Scott abstained as he may bid on this project. Motion Carried.

His Honor Mayor Henderson thanked Western Land Services for looking at downtown as their company headquarters.

His Honor Mayor Henderson set the goal setting workshop for Wednesday, 9/17/08, at 5:30 p.m. in the Community Room.

Discussion took place regarding the Varsity Cleaners property for the new fire station. Councilor Enblade referred to the City Manager's memo regarding the proposed Development Agreement and Brownfield Plan for Western Land Services and in this memo, there was reference to the Brownfield Authority which would capture the taxes generated from the development and reimburse Western Land Services the eligible costs. One of the eligible costs would be the costs in connection with the construction of the new fire station which include \$150,000 towards the purchase of the Varsity Cleaners property and \$1.1 million toward the construction of the new fire station. Councilor Enblade was upset when the original memo was reviewed as he thought that the purchase of this Varsity Cleaner property was being hidden within this memo. He stated that in 2007, the Council was approached by the Fire Department who asked for new property for the Fire Department, if the downtown property was to be developed. At that time, the Fire Department stated that this was the property that they wanted and that it would be sufficient for their needs. This property was purchased for \$95,000. Now the City is looking at another piece of property in the amount of \$150,000. Councilor Enblade stated that he feels strongly that the City should stay with the Dowland Street property. He stated that the City must be fiscally responsible and that he is adamantly opposed to purchasing the Varsity Cleaners property as we already own the Dowland Street property. He also explained that there is already a commitment in that they have been testing environmentally around Varsity Cleaners. Also, any time a big decision such as this is made it should be on the agenda and not hidden in a memorandum. Councilor Peterson agrees with Councilor Enblade and because the City owns the Dowland Property, we should hold off acquiring the Varsity Cleaners property. Councilor Holman disagrees stating that there is no such thing as having too much land. She believes that the City will be able to sell the Dowland property. The Varsity Cleaners property is much better suited for a fire station. Councilor Holman disagrees with public comment stating that there are no other pieces of property available in the City and that she is in favor of this purchase. Councilor Scott stated that the City must weigh all options as the City has no formal design for the fire station and should go into this with an open mind and see what property works best. His Honor Mayor Henderson stated that the whole discussion of Varsity Cleaners site versus Dowland property for the fire station will be covered in the purchase agreement. He disagreed with Councilor Enblade that the purchase of this property was hidden in the agenda and that it will be covered when the purchase agreement goes before the Council. City Manager Shay stated that Councilor Enblade had a quote that the Manager said there would be no cost to the City. The City Manager stated that he had never made that quote and as with previous Brownfield Plans, the developer pays these costs up front, and the City reimburses these costs through deferred taxes.

Under Miscellaneous Business, Councilor Castonia stated that he did not like how CJ Excavating took a swipe at the City in the newspaper stating that it was the City's fault that they could not get their job done on Madison Street. There were numerous days that he drove by the project site on Madison Street and noted that CJ Excavating was not working and there were no weather related problems. Councilor Holman agreed with Councilor Castonia.

Councilor Castonia also questioned how the lighthouse tours were going this year. He asked to have a report from the Lighthouse Keepers on these tours.

Councilor Holman reminded all that the Hazard Waste Pickup is this Saturday from 9:00 a.m.-2:00 p.m. at the Mason County Road Commission. Councilor Peterson asked how the City's contribution for this event was determined. City Manager Shay explained that it was determined on a per capita basis, but that the City had already budgeted \$1,500 for this event, which was less than the calculated amount and that is all the City is paying.

Moved by Councilor Enblade, seconded by Councilor Holman, that the meeting be adjourned. So carried at 8:44 p.m.

Deborah L. Luskin, City Clerk