



Notice City Commission Study Session

7:00 PM

Monday, February 14, 2011

Governmental Center, Commission Chambers, 400 Boardman Avenue
Traverse City, MI 49684

Posted: 02-11-11

The meeting informational packet is available for public inspection at the Traverse Area District Library, Law Enforcement Center, City Manager's Office, and City Clerk's Office.

The City of Traverse City does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities. Makayla Vitous, Assistant City Manager, 400 Boardman Avenue, Traverse City, MI 49684, 922-4440-TDD: 922-4412, has been designated to coordinate compliance with the non-discrimination requirements contained in Section 35.107 of the Department of Justice regulations. Information concerning the provisions of the Americans with Disabilities Act, and the rights provided thereunder, are available from the ADA Coordinator.

If you are planning to attend and you have a disability requiring any special assistance at the meeting and/or if you have any concerns, please immediately notify the ADA Coordinator.

At the request of the City Manager, the City Clerk has called this study session.

City Commission
c/o Debbra A. Curtiss, MMC, City Clerk
400 Boardman Avenue
Traverse City, MI 49684
(231) 922-4480
<http://www.ci.traverse-city.mi.us>

The mission of the Traverse City City Commission is to guide the preservation and development of the City's infrastructure, services, and planning based on extensive participation by its citizens coupled with the expertise of the city's staff. The Commission will both lead and serve Traverse City in developing a vision for sustainability and the future that is rooted in the hopes and input of its citizens and organizations, as well as cooperation from surrounding units of government.

Welcome to the Traverse City Study Session!

Any interested person or group may address the City Commission on any agenda item when recognized by the presiding officer or upon request of any commissioner. Also, any interested person or group may address the City Commission on any matter of City concern not on the Agenda during the agenda item designated Public comment. The comment of any member of the public or any special interest group may be limited in time. Such limitation shall not be less than five minutes unless otherwise explained by the presiding officer, subject to appeal by the Commission.

Agenda

Pledge of Allegiance

Roll Call

Announcements by the Mayor, City Manager, and City Commissioners

1. Discussion of budget priorities. (R. Ben Bifoss)
2. Discussion and update regarding affordable housing. (R. Ben Bifoss, Russ Soyering, Bryan Crough)
3. Discussion of Depot Property offers. (R. Ben Bifoss)
4. Discussion of the City Commission Policy on Appointments and Committees Section 16, Chairpersons. (R. Ben Bifoss)
5. Discussion regarding East Bay Plaza Brownfield. (Jean, Derenzy, R. Ben Bifoss, Bryan Crough)
6. Public comment.
7. Adjournment.



The City of Traverse City

Communication to the City Commission

FOR THE CITY COMMISSION MEETING OF FEBRUARY 14, 2011

DATE: FEBRUARY 11, 2011

FROM: R. BEN BIFOSS, CITY MANAGER *mv for*

SUBJECT: BUDGET ISSUES

The first item on the agenda for discussion at the Study Session on February 14 is the 2011/12 budget. In preparing the first draft of the budget we will be addressing the City Commission Priorities last reviewed in November.

Specific budget priorities will include infrastructure spending targeted at \$1 million. We will continue to hold the line on employee benefit and cost issues. We expect to begin implementation of the Weiss Workload Analysis of the Police Department to be received later this month. Economic Development issues will be addressed; however, there is currently significant disruption in Lansing on any/all incentives while we wait on the Governor's budget and its reception by the Legislature. The Governor's Budget is expected late next week. Discussions continue with Metro on possible Fire Department consolidation. The first draft of the City budget will include a mill levy reduction of at least .1 mills as an offset to the County Senior Center levy.

Attached please find a short financial preview prepared by the City Treasurer. As you will note, it includes an expectation of no statutory state-shared revenue. That assumption is subject to change based on the state's budget. We will continue to receive the constitutional portion of revenue sharing.

The Study Session will provide the City Commission an opportunity to identify other issues that staff should consider as we begin the budget process.

RBB/jd

Encl.

Memorandum

The City of Traverse City



To: R. Ben Bifoss, City Manager
From: William E. Twietmeyer, City Treasurer/Finance Director *W.E.T.*
Subject: Budget Update
Date: February 10, 2011

My quarterly financial report will be submitted to the City Commission at its next meeting. However, the purpose of this communication is to summarize some of the budget highlights from that report.

First, our revenue sharing distribution from the State of Michigan for the last fiscal year totaled \$1,131,864 of which \$918,697 was constitutional and \$213,167 was statutory. Our expectation is that the State will continue making distributions for this current fiscal year ending June 30, 2011 along these same lines. However, we are fully expecting that the statutory amount will discontinue for the next fiscal year beginning July 1, 2011.

Second, interest revenue is virtually non-existent. The Federal Reserve recently indicated that they will not move their Fed Funds rate upward until late 2012. Until then, we can expect that banks and other investment instruments will offer no more than ¼% for the next two years.

Third, inflation measured by the federal government came in at 1.7% on an October 2009 through September 2010 basis. As a result, the State of Michigan has advised that taxable value for the 2011 taxes shall increase by 1.7%. This is in line with our three year forecast last year which predicted 1.5%.

Finally, we have about a half dozen tax tribunal appeals that will soon be decided. Our expectation is that the impact to the City would be about \$40,000 worst case scenario. This is in addition to a large appeal that we anticipate will soon be decided upon by the State.

Specific comments about various funds and their performance through mid year will be found in the quarterly report.



The City of Traverse City

Communication to the City Commission

FOR THE CITY COMMISSION MEETING OF FEBRUARY 14, 2011

DATE: FEBRUARY 11, 2011

FROM: R. BEN BIFOSS, CITY MANAGER *mi*
fr

SUBJECT: AFFORDABLE HOUSING

At the November 1, 2010 City Commission meeting, when discussing a continuation of the contract with Northwest Michigan Council of Governments, there was direction from the City Commission to have an update on the issue of affordable housing at a future Study Session.

Monday night, Sarah Lucas from the Northwest Michigan Council of Governments and Fred Wilmeth, Chair of the Planning Commission's Building and Housing Committee, will provide an update at your meeting.



The City of Traverse City

Communication to the City Commission

FOR THE CITY COMMISSION MEETING OF FEBRUARY 14, 2011

DATE: FEBRUARY 11, 2011

FROM: R. BEN BIFOSS, CITY MANAGER *mb*

SUBJECT: DEPOT PROPERTY

Enclosed are copies of the two responses we received in response to your request for proposals for the Depot property.

There are four options we offer for your consideration:

1. Direct staff to negotiate an agreement with Habitat for Humanity and Homestretch, with any conditions you desire, but in keeping with their letter of January 19, 2011.
2. Direct staff to work with The MBA Group and bring back an option agreement to allow them the time to conduct due diligence.
3. Hire a realtor and list the property.
4. Postpone action and include the Depot Property in the upcoming HUD-financed Eighth Street Corridor study. The study will not be complete, per the agreement, until the first quarter of 2012, but the property could serve as an anchoring point for redevelopment plans.

A few developers, in addition to the two that submitted, have indicated that they are unwilling to invest in the due diligence for a project not knowing the intent of the City with regard to the property.

If you have questions in advance of the meeting, let me know.

Encl.

cc: Habitat for Humanity, PO Box 5412, Traverse City, MI 49685
The MBA Group, 9110 Portage Road, Kalamazoo, MI 49002

January 19, 2011

R. Ben Bifloss
City Manager
Government Center
400 Boardman
Traverse City, MI 49684

Dear Mr. Bifloss,

HomeStretch and Habitat for Humanity are interested in together developing the parcel known as the "Depot Property." It is our intent to build 28 single family homes, ten by HomeStretch, ten by Habitat for Humanity, and eight with a for-profit builder. All homes would be owner-occupied.

Unique to this project would be the construction of near-net zero homes i.e. homes that would use a small percentage of the energy as the same house built to code. All homes would be of compatible design and would be created to offer a "neighborhood feel" along the 8th street corridor. As a new urban model, we have engaged the volunteer services Thom Darga of DargaWorks, Ken Richmond of Richmond Architecture, Max Strickland of Northern Evergreen Services, Ed Bailey of Northwestern Michigan College, Rick Coates of Gosling Czubak Engineers, along with several others.

We would like to offer \$280,000 for the entire parcel. Were you to accept our offer, we could make payments as follows:

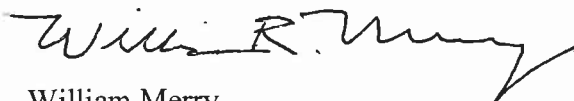
- \$140,000 at close
- Upon sale of the for-profit homes, the City would receive an additional 10% of the gross sales price for 8 homes
- The remaining \$140,000 would be paid after the fifth occupancy permit has been secured

Our boards have completed a memorandum of understanding for the project. We sincerely hope that you will favorably consider our interest and that 20 families in need of affordable housing will be able to call the "Depot Neighborhood" their home.

Sincerely,



Rev. Pam Doty-Nation
Executive Director
Habitat for Humanity-Grand Traverse Region



William Merry
Executive Director
HomeStretch

CC → Bryan ✓



THE MBA GROUP

9110 PORTAGE ROAD, KALAMAZOO, MI 49002 (269) 381-0776

CITY MANAGER'S OFFICE

JAN 14 2011

January 11, 2011

R. Ben Bifoss, City Manager
City of Traverse City
400 Boardman Ave.
Traverse City, MI 49684

Dear Mr. Bifoss

Thank you for your December 7, 2010 and December 21, 2010 letters regarding the status of the Depot Property located at 517 Franklin Street in the City of Traverse City. I appreciate your efforts to reach out to us regarding this opportunity. The MAVCON family of companies are fully vertically integrated through the development chain of Pre-Development (The MBA Group), Development (MAVCON Properties) & Construction (MAVCON, Inc.). This unique approach allows us to approach projects with complete control of all budgetary aspects, therefore greatly increasing the probability of project success. On behalf of MAVCON Properties, I would like to submit this letter of interest for the review and consideration of the City.

We are interested in redeveloping the Depot site into a high density workforce housing development. We would anticipate constructing a three story building containing up to 75 rental apartments. We would look to fully utilize available space by creating the maximum number of units that the site will logistically allow. Tenants of these buildings will be limited to those individuals earning at or below 60% of area median income. As such, we would certainly be comfortable with an affordability requirement.

If the City is interested in further pursuing a potential project with MAVCON Properties with the vision of completing a considerable workforce housing project, then we would request 180 days to complete our due diligence and feasibility analysis with an exclusive option to move forward. Once we complete our due diligence, we would be able to identify a purchase price which could be supported by the development.

We believe there is an opportunity to address the City's considerable shortage of available workforce housing through the redevelopment of the Depot site. If the City is interested in pursuing a potential project with us, please contact me so that we can discuss what the next step might be as we move forward.

Thank you in advance for your consideration. Should you have any questions, please do not hesitate to call.

Regards,

Joe Agostinelli, Vice President
Governmental Affairs & Economic Development



The City of Traverse City

Communication to the City Commission

FOR THE CITY COMMISSION MEETING OF FEBRUARY 14, 2011

DATE: FEBRUARY 11, 2011

FROM: R. BEN BIFOSS, CITY MANAGER *mv for*

SUBJECT: CHAIRPERSONS

We have received inquiries regarding allowing chairpersons of City boards and commissions to serve more than two consecutive terms.

Attached is an excerpt of the City Commission Policy on Appointments and Committees, specifically Section 16, which provides this limitation.

RBB/dc

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the committee will review applications, interview candidates and make recommendations. After making recommendations, the committee shall automatically terminate. At the time the Ad Hoc Interview Committee is formed, it shall be indicated whether the appointment is a Mayor or City Commission appointment. The Mayor has the authority to make the appointment or form an Ad Hoc Interview Committee if the vacancy is a Mayor's appointment. The Chairperson and/or staff of the Committee where the vacancy occurs shall be notified of the Ad Hoc Interview Committee meetings.

- 16. Chairpersons. Chairpersons of any City board or commission can serve not more than 2 consecutive terms.
17. Interviews. If interviews are conducted for appointments, the following procedures are recommended:
- a. standardized questions be prepared by the Ad Hoc Interview Committee;
 - b. each applicant be asked the same standardized questions; and
 - c. each applicant be afforded an equal allotment of time which may or may not be used by the applicant.
18. Orientation. Staff shall provide orientation for all new citizen appointees that includes a review of enabling legislation for that board, commission, or committee, Robert's Rules of Order, Open Meetings Act, historical perspectives on the body in question, and any other relevant information.



GRAND TRAVERSE COUNTY PLANNING & DEVELOPMENT

Planning Commission • Brownfield Redevelopment Authority
Economic Development Corporation • Land Bank Authority
400 BOARDMAN AVENUE
TRAVERSE CITY, MI 49684
(231) 922-4676
FAX (231) 922-4636
www.grandtraverse.org/planning

February 7, 2011

Mr. Ben Bifoss, Manager
City of Traverse City
400 Boardman Avenue
Traverse City, Michigan 49684

Re: City Commission Study Session February 14th
Prospective Brownfield Plan-- East Bay Plaza

Dear Mr. Bifoss:

As you know, the Grand Traverse County (GTC) Brownfield Redevelopment Authority (BRA) has been active for many years as an agent working toward the protection and restoration of water quality throughout the County. This is particularly true with respect to surface and groundwater quality within the City. The protection of the Grand Traverse Bay from pollutants is of paramount concern for our entire community and the focus of many of the BRA's project efforts.

Of late, the BRA has been working collaboratively with the United States Environmental Protection Agency (EPA), the Michigan Department of Environmental Quality (DEQ) and the owners of the East Bay Plaza to characterize the threats posed to East Grand Traverse Bay and from the former land uses associated with and in the vicinity of the East Bay Plaza. This site is located on Munson Avenue between Airport Access Road and the City limits. It is located a little more than 100 yards from the Bay south of Munson Avenue.

Past land uses at the East Bay Plaza have resulted in groundwater contamination that originates from these properties and migrates toward East Bay, with single family residential dwellings lying in the path of migration between the contamination and the shore. Past land uses include two "filling stations"- one with a known release and another without any record of underground tank removal. Past operations of a dry cleaners at the Plaza has also resulted in contamination of soil and groundwater at the Plaza with dry cleaning chemicals. The attached figure (PCE Plume in Groundwater- Former One Hour Martinizing) depicts the former dry cleaner location within the plaza and shows the perchloroethylene (PCE) plume in groundwater emanating from this area and extending to some undetermined point beneath or north of US-31 (Munson Avenue).


Ben Bifoss, City Manager
East Bay Plaza Brownfield
February 7, 2011/Page 2

The BRA recently funded a study to assess conditions at the East Bay Plaza using grant funds provided by the U.S. EPA. The BRA also petitioned successfully for MDEQ to provide assessment services so that the magnitude of the orphan PCE release could be ascertained and a clean-up strategy devised. As can be seen from the PCE Plume map, a significant portion of the East Bay Plaza is occupied by groundwater contamination. This situation presents extraordinary costs for the property owner in its plans to fully develop the East Bay Plaza.

The GTCBRA will receive for its consideration a Brownfield Plan for this property at its regular February 23, 2011 meeting.

The BRA would be happy to meet with you and the City Commission prior to our regular meeting, to review the environmental conditions at the property and other challenges that may be addressed by a Brownfield Plan.

Sincerely,


Jean Derenzy, Deputy Director
Grand Traverse County
Planning and Development

Pc: Bryan Crough
Tom McIntyre
Andy Smits

