

CITY OF OWOSSO

CITY MANAGER'S REPORT

October 2026

Special Report: Vacant Building Ordinance Proposals

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This month's report focuses on two resolutions Council has received urging adoption of a vacant commercial building ordinance. Both resolutions request a written response from Council. The full analysis is in the October 26 memo to Council; a summary follows.

Background

In May 2026, the Historic District Commission (HDC) recommended a Vacant Commercial Building Registration Ordinance applying to commercial properties citywide, with emphasis on the historic districts. In October 2026, the Downtown Development Authority (DDA) adopted Resolution No. 03-2026, recommending a Vacant Building Inspection Program limited to commercial properties within the DDA district boundary.

The DDA version was developed from the HDC version and retains most of its framework:

- A purpose statement and observable de facto vacancy indicators.
- A registration form identifying a local emergency agent and granting consent to inspection.
- An initial City inspection within 30 days.
- Window repair within 14 days and decorative covering of vacant storefronts.
- Owner-of-record responsibility, with no extension for purchasers.
- Collection of unpaid fees and costs as special assessments.

Comparison of Proposals

Provision	HDC (May 2026)	DDA Res. No. 03-2026 (Oct. 2026)
Title	Vacant Commercial Building Registration Ordinance	Vacant Building Inspection Program
Geographic scope	All commercial properties citywide; emphasis on historic districts	Commercial properties within the DDA district boundary only
Registration trigger	60 days after vacancy	1 year after vacancy
Existing vacant buildings	Not addressed	Register within 60 days of adoption
Plan of action	"Detailed plan of action" for return to occupied use	Owner's intended timeline and approach for return to productive use
Initial inspection remedies	Repair orders; condemnation and demolition where repair cost exceeds value	Repair orders; "appropriate enforcement remedies including condemnation"
Maintenance standard	Full IPMC compliance; weeds not to exceed 8 inches	IPMC compliance
Securing the building	Owner must comply with City order within 72 hours; City may secure at owner's expense	Broken windows repaired within 14 days of notice; City may perform work at owner's expense
Boarding	Permitted only as temporary emergency measure with City approval	Not addressed
Storefront covering	Decorative treatment mimicking an active storefront (downtown or historic district)	Decorative treatment maintaining a presentable downtown appearance
Fire/storm damage	Permit within 90 days or building deemed vacant	Not included; damaged, unoccupied buildings fall under the general vacancy definition
Re-occupancy standard	IPMC, Michigan Building Code, and construction codes; certificate of occupancy	City Code Ch. 8 (Building) and Ch. 13 (Fire Prevention), and construction codes; certificate of occupancy

Provision	HDC (May 2026)	DDA Res. No. 03-2026 (Oct. 2026)
Historic protections	HDC approval before demolition of historically significant vacant buildings; rehabilitation plans to meet Secretary of the Interior's Standards	None, but existing HDC rules still apply to buildings within a historic district
Consultation requested	HDC	DDA Director and Board

How Other Michigan Communities Compare

Staff reviewed 17 Michigan communities with vacant building or vacant property registration ordinances. Among those that specify a trigger, registration is required 30 to 90 days after vacancy. Most set fees by resolution and collect unpaid costs as special assessments or liens. Examples:

- **Detroit:** 30-day trigger; annual inspection and Certificate of Compliance; $197 flat fee for commercial properties.
- **East Lansing:** $150 per year, including a required exterior inspection; boarding prohibited except as a temporary emergency measure.
- **Ferndale:** $600 per six-month registration period, designed to recover program costs and deter absentee owners.
- **Muskegon:** No fee for buildings vacant less than one year; $500 per year for commercial, escalating to $1,000 at two years and $2,000 at three to five years.
- **Southfield:** $1,000 late fee per 30-day period of late registration; weekly owner self-inspections; permit required within 90 days after fire damage.
- **Ypsilanti (City):** $300 monthly escrow deposit, drawn on by the City for inspection and emergency securing costs.

Staff Analysis

Both versions share the same objective: holding negligent owners accountable for vacant buildings that are allowed to deteriorate. The DDA version accomplishes that objective while avoiding burdens on owners who are actively marketing, leasing, or rehabilitating their properties.

- **Scope:** Limiting the program to the DDA district focuses it where vacancy most affects neighboring businesses and private investment. A defined area is also more manageable for code enforcement and could be expanded later by amendment.
- **Registration trigger:** The one-year trigger is longer than the 30 to 90 days used elsewhere, but normal commercial turnover routinely takes several months. A short trigger would subject responsible owners to fees and inspections during ordinary transitions; one year targets chronic vacancy, where neglect occurs. Muskegon takes a similar approach.
- **Existing vacancies:** The DDA version requires owners of buildings already vacant to register within 60 days of adoption, bringing the downtown's long-term vacant buildings into the program immediately.
- **Securing the building:** The 14-day window to repair broken windows may be too short given the City's code enforcement process, which requires two notices before ticketed enforcement begins.
- **Historic protections:** Properties within a locally designated historic district already require HDC approval for demolition and exterior work.

- **Fees:** The DDA version defers fee amounts to Council resolution. Fees should recover the cost of inspections without becoming punitive.

Applicable Code Standard for Existing Buildings

Both versions require inspection under the International Property Maintenance Code (IPMC) and certification before re-occupancy. This does not mean a vacant building must be brought up to current new construction code. The IPMC is a maintenance code that sets minimum standards for safe, sanitary, and weathertight conditions. Repairs and rehabilitation are governed by the Michigan Rehabilitation Code for Existing Buildings, which allows existing buildings to remain in their existing form when they meet safety requirements and includes provisions for historic buildings.

Per Building Department practice, current codes apply only when more than 50% of a building is being remodeled or there is a major health and safety concern. Otherwise, re-occupancy follows the health and safety standards of City Code Chapters 8 and 13.

Public Works & Utilities

Lead Service Line Replacement Funding

The City has been approved for $1.8 million in FY2027 State Revolving Fund (SRF) financing with 100% principal forgiveness for lead service line replacement, in addition to the current plan. Director Suchanek signed the project milestones on October 20. The FY2027 final Intended Use Plan did not fund water main projects with grants or loans, which affects the water rate assumptions. Staff is reviewing SRF programs and preparing FY2028 submissions.

PASER Road Ratings

DPW will issue a request for proposals for an engineering firm to complete PASER road ratings, with a response window of three to four weeks so smaller firms are not missed. Water and sewer main replacements will be timed with road work to stretch dollars and avoid paving over failing infrastructure.

Michigan Avenue Railroad Crossing Closure

Council approved the traffic control order for the closure on October 19. DPW will schedule the work around leaf pickup. No public notification is required, and the affected business owner has been consulted and is satisfied with the plan.

Water and Sewer Connection Fees

Following Judge Stewart's ruling against the City's connection (tap) fees, the City currently has no water and sewer connection fees in place and must adopt new ones. New fees are before Council this evening.

Representation in the case has changed from the MMRMA attorneys back to the City Attorney, and staff is working through potential issues from that transition. The City is also concerned that it may not have been represented well at the hearing where the judge ruled against it, and City Attorney Scott Gould is looking into the matter. The plaintiff's filing seeks mostly attorney fees, plus a refund of about $7,700 to the builder who brought suit. The City considers the attorney fee request amount excessive and unacceptable and continues to work on it.

Water Shutoffs

Some officials have told the public that water shutoffs ended with Council's August vote. That vote only allows delinquent accounts to be collected twice a year; ending shutoffs would still require an ordinance change. Staff has identified several concerns:

- Without shutoff notices, residents cannot obtain DHHS assistance.
- Sending notices that will never be enforced is questionable.
- Nonpayment is expected to increase, with affected tax bills potentially rising about $1,500 per half.
- Landlords would be hit hardest.

Shutoffs currently run about 100 per billing cycle, down from more than 400 after the moratorium. Staff is researching peer cities, including Taylor and Brighton, and will meet with the City Attorney before bringing a recommendation to Council.

Single-Hauler Trash and Recycling

Staff is drafting the single-hauler trash and recycling bid for release, and the award will fall to the new Council. The remaining steps are the bid award, the contract award, and implementation. Carts could go out July 1 at the earliest.

- About 5,500 properties (single-family through quadplex) are eligible; the bid will specify 6,000 carts.
- Staff anticipates billing by assessment rather than the utility bill; Council will decide how the service is funded.
- The target is a contract of at least three years. The ordinance has no opt-out.
- Bulk item pickup shall be weekly and part of the contract cost. Resident will probably have to give notice to hauler when they have a bulk item for pickup.
- Resident notifications, tonnage reporting to the city, availability of a self service portal, and service verification tech will be added as alternate service for bidding purposes.
- Curb-to-door service will be available for those who are not able to get their carts to and from the curb.
- The long-term goal is to fold the DDA's downtown refuse contract and the DPW and park dumpsters into the single-hauler contract. Staff is reviewing the current contract's end date and exit terms.

Questions on Ordinance 854

Were alternatives considered? Yes. Bidding for recycling only did not meet Council's requirements. The Master Plan calls for citywide trash and recycling managed by the City to save residents money while adding recycling, reduce the number of garbage trucks on City streets, and comply with amended Part 115, which requires that 90% of single-family homes be served by curbside recycling.

Was a cost comparison done? Yes. It was included in the City Manager's Report in the August 3 Council packet, is available on the City's website, and was published in the Argus-Press.

Will residents be able to comment? A public hearing on the ordinance was held October 5. Council must still award the bid and approve the negotiated contract, and the public may comment at those meetings as always.

Can existing haulers continue serving customers? Yes. Property owners remain responsible for trash service until the single hauler begins. Once a hauler is under contract and Council decides how the service is funded, a public notice and implementation period of several months will follow. Prepaid service is a matter between the property owner and their hauler.

Community Development

Building Permits — Commercial Activity

- 115 N Washington St — Interior office renovations.
- 202 S Water St — Public Safety Building renovations.
- 207 N Washington St — Renovations including two apartments on the second floor.

Rezoning, Site Plans & Land Divisions

No rezoning requests, site plans, or land divisions/combinations were submitted during this reporting period.

Marihuana Licenses

The following marihuana licenses are active within the City of Owosso:

Type	Address	Status
Grow	1370 E South St	Medical/Recreational — Renewed Sept. 2026
Grow	1455 Industrial	Recreational — Pending Renewal Oct. 2026
Grow	1750 E South St	Recreational — Renewed March 2026
Grow	1410 Hathaway	Recreational — Issued August 2026
Processing	1750 E South St Ste. 1	Recreational — Renewed Jan. 2026
Retail	117 E Main St	Medical & Recreational — Renewed Oct. 2026
Retail	200 E Main	Recreational — Renewed May 2026
Retail	116 N Washington	Recreational — Renewed Jan. 2026

MSHDA / Housing Grants

We continue to actively leverage state and federal housing grant funding. Program figures are unchanged from September. Round 1 grant projects (10 projects plus 8 lead clearances) must be complete and paid by November 30; staff is also requesting a two-week extension from the state.

Program	Year	Grant Amt.	Admin. Reimb.	Scope / Status
NEP Round 8	2023	$70,000	$5,000	5 homes — Completed
NEP Round 9	2024	$70,000	$2,500	3 homes — Completed
NEP Round 9 Public Amenity	2024	$15,000	$0	Grand Ave Park Equipment — Completed
MI-HOPE	2024–25	$250,000	$15,000	11 homes, energy efficient — Completed
MI-HOPE HiPerformer	2024–25	$100,000	$0	5 homes, energy efficient — Completed
MIN 1.0 & 2.0 (CDBG)	2025–26	$860,831	$64,469	30 homes — Complete by Nov. 2026
CDBG Round 2	2026–27	$400,000	$72,000	15 homes — Complete in 2027 (Sept.: increased from 10)
CDBG Round 3 — Residential	2027–28	$760,000	$115,930	19 homes — Complete 2027/2028
CDBG Round 3 — Citizens Loft	2026–27	$500,000	$76,270	5 rental units downtown — Complete in 2027
CDBG Round 4	2028–29	$1,262,500	$212,500	32 homes
TOTALS		**$4,288,331**	**$564,669**	**125 homes — Grand Total: $4,853,000**

117 W Exchange — Wall Repair Invoice

The Shiawassee County Land Bank has invoiced the City for wall work the City required at 113 W Exchange after the demolition of 117 W Exchange. The Land Bank reports the work was completed at the end of September and invoiced October 2, after the state grant had closed, so remaining grant funds could not be used. Overages on the project are the City's responsibility, but because Council already approved the special assessment, the added cost cannot be assessed to the property owner unless another special assessment is levied. The City has asked the Land Bank for a letter explaining the delay to include in the Council packet when the invoice is presented. SEDP reports the remaining grant funds on 117 Exchange were repurposed to the 800 W Main St project. This is not what the city wanted.

Building Code Effectiveness Grading Survey

Verisk/ISO will conduct a Building Code Effectiveness Grading Schedule (BCEGS) survey update for Owosso on behalf of insurers. The survey evaluates building code effectiveness, with an emphasis on natural hazard mitigation, and is used in setting property and casualty insurance rates. There is no cost to the City. The field representative will coordinate with Building Official Nate Charles, and Community Development will assist with permit reports.

Code Enforcement

- **1413 Young St:** The red-tagged camper was towed to 425 Corrunna. Community Development has sent letters to the owner, the land contract holder, and the occupant. The property goes to tax foreclosure next year.
- **Mowinski Building:** Final figures are in on the damage claim. Repairs of the contractor's damage grew from about $75,000 to about $400,000, and the tenant's opening has been delayed. Land Bank is handling this.
- **Staffing:** Code enforcement will remain at one part-time position.

Public Safety

Public Safety Building Renovation

The USDA-funded renovation of the Public Safety Building at 202 S Water St is under way. Nielsen Construction is the contractor, Spicer Group is the engineer, and Veridus Advisors is the owner's representative.

USDA Grant Closing

On October 27, USDA Rural Development confirmed that all items on its closing checklist have been provided, following submission of the Notice of Federal Interest and building permits. USDA advances funds for the construction contract only; other project invoices are paid by the City, and any funds left after construction will be reimbursed. Each pay application will be certified by Spicer and recommended by Veridus before the City requests reimbursement from USDA. USDA also requires minutes approving each pay request or a resolution designating signing authority, and staff will bring that resolution to Council.

Schedule

Nielsen held an on-site kickoff with subcontractors on October 16. The contract runs October 26, 2026, through April 30, 2027, with liquidated damages of $50 per day after that.

- **Phase 1 — Driveway/apron:** Excavation began the week of October 26, and the concrete will be placed in one full pour. Because of the cold, the concrete needs at least seven days before vehicles

drive on it, and the City should be able to use it in late November. The City will not salt the new concrete for at least a month and will avoid calcium chloride deicers.

- **Phase 2 — Interior renovations:** Winter, pending subcontractor materials and manpower. Building work is not expected to start in November.
- **Phase 3 — Rooftop work:** Early spring.

A full project schedule is pending subcontractor submittals and lead times. Nielsen and its plumbing subcontractor are also working out how the new sanitary line will tie into the existing line, which must stay in service, following a late plumbing design change.

Operations During Construction

Police and Fire operate 24/7 and the building stays occupied. Nielsen typically works 7:00 a.m. to 3:30 p.m., Monday through Friday. All workers must complete the security awareness and CJIS forms and fingerprint-based background checks before working in police spaces. Fire staff will vacate the kitchen and day room during that work, and the PD break room will be available.

Budget

- **Construction contract:** $984,420, including a $50,000 contingency.
- **Engineering (Spicer):** $146,500 not to exceed ($127,500 base plus $19,000 additional services); $132,697 spent through September 26.
- **Owner's representative:** $75,000 plus $8,000 reimbursables, paid outside the grant; about $17,300 spent through September.
- **Total project cost:** About $1.133 million, roughly $133,000 over the $1 million USDA grant. The General Fund will cover the difference.
- **Other costs:** Plan review fees were waived. Construction testing, bonds, and contractor insurance are included in the contract. Staff is confirming with the City's insurer whether builder's risk coverage is needed.

Scope and Change Orders

Staff declined a request to add dispatch-area flooring because the project is already over budget, and the police and fire locker room alternates (about $87,000 and $80,000) remain excluded. All change orders will go to Council, which meets the first and third Mondays, with packet materials due one week ahead. No change order work proceeds without a signed change order, and USDA review may add two weeks to a month.

Savings Opportunities

- **Energy rebates:** Spicer will pursue Consumers Energy rebates for rooftop units, controls, and LED lighting on this project and City Hall, possibly up to about $10,000.
- **Generator program:** Under the Voltus program, utilities can remotely run private generators to supply the grid, potentially paying about $20,000 per year and covering maintenance. The minimum size is about 145 kVA. Staff will evaluate whether City generators, including the larger unit at the wastewater plant, qualify.

Progress meetings are held by Teams on the second Tuesday of each month (next: November 10 at 11:00 a.m.) and on site on the fourth Tuesday, starting November 24. On-site meetings also serve as the USDA monthly inspection.

Police Department

- Staffing is short. One new officer is in training, one officer has resigned, and the next academy begins the first week of January.
- FOIA requests have been received regarding the farmers market incident, and body camera footage will be released.
- A new high school intern will handle body camera work.
- An officer will work election night starting at 9:00 p.m.
- The SRI open house is November 19 at 5:00 p.m.

Finance

Finance Director Transition

Nicole Hart joined the City as Finance Director on October 13 and is taking over the former Finance Director's duties. Her BS&A Cloud experience will help with the planned summer conversion. The annual audit began the week of October 19 and is expected to be largely remote. The City Manager will continue preparing the cash balance and budget reports until Ms. Hart takes them over.

Employee Health Plan

Blue Cross offered a one-time $30,000 credit with no rate change as part of their renewal proposal which included rate increases of up to 40% for some plans, which was viewed as insufficient. Priority Health is substantially cheaper. The employee task force narrowed the choices to four options, and employees are confirming whether their providers are in network. Employees must agree on any change, and the vote by the task force will happen after employees confirm that their current doctor is covered under Priority.

Administration

Staffing

- DPW laborer Tyler Wilson started October 19, and the shared wastewater/DPW laborer started October 26.
- Jason Beardslee's last day was October 23. The job description is being reviewed before the position is posted.

Capital Improvement Plan — PlanIt

Data migration to PlanIt is complete. Staff training is planned for early December, likely virtual, with two sessions if needed. Council's strategic session is targeted for mid-February, and the CIP will go to the Planning Commission by its March meeting.

November Election and Council Transition

The City Clerk is preparing for the November 3 election and recruiting election workers. Early voting will be set up in Council Chambers, so staff will break down the precinct setup for the November 2 Council meeting and restore it afterward. Four Council seats, a majority, are on the ballot. Staff is preparing orientation materials for new members, including a history of the City's SRF projects since 2008, and expects road funding to be a top issue for the new Council.

City Manager Out of Office

The City Manager will be out of the office November 7–14.