



CITY COUNCIL

November 20, 2017

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, November 20, 2017. This meeting was called to order at 7:00 P.M.; then, after a recitation of the Pledge of Allegiance to the Flag of the United States of America, a roll call then determined that the following were

Present: John Murphy, Mayor
Kate Marshall, City Councilmember
Izzy Lyman, City Councilmember
Grant Dittmar, City Councilmember
Jeremy Wills, City Councilmember

Absent: None

Also in attendance were City Manager Robert Straebel, Clerk-Treasurer Alan Terry, City Planner Amy Tweeten, Director of Parks and Recreation Kendall Klingelsmith, Downtown Director Becky Goodman and City Attorney James Murray.

Special Assessment Roll Public Hearing

A public hearing was held to receive comments on the proposed special assessment roll that would spread costs of downtown-area programs and services during 2018, as requested by the Downtown Management Board.

The DMB's recommended assessment formula is the same rate as last year of \$0.16 per square foot of usable, first-floor space within eligible, non-residential buildings located in the Management Board's territory as the assessment district; \$0.04 per square foot of usable space on floors other than first floors; and \$0.05 per square foot of area on vacant, buildable lots.

Mayor Murphy opened the public hearing at 7:03 P.M. and there were no public comments and the hearing closed.

Budget and Tax-Levy Public Hearing

A public hearing was held to receive comments concerning the City's proposed 2018 Annual Budget and recommended property-tax-millage rates for 2018.

The City's proposed 2018 Annual Budget was initially presented and briefly discussed at the November 6 City Council meeting. At the November 6 City Council meeting, a public hearing was scheduled for November 20, as required by City Charter and State statute provisions, to receive comments about the recommended budget and property-tax-millage rates that have been proposed as part of the budget recommendation. (Actual millage rates would be set in 2018.) City Charter provisions require the City Council to conduct public hearings each year to receive comments concerning annual budget proposals and provisions of the Michigan Truth-in-Taxation Act require governing boards of local units of government to conduct annual public hearings prior to establishing property-tax-millage rates, if estimated amounts of revenues that would be produced by property-tax levies are anticipated to exceed amounts in the new year that had been received from levies during the previous year.

The November 20 public hearing would satisfy City Charter requirements and meet provisions of the Michigan Truth-in-Taxation Act that require opportunities for comments concerning proposed

estimated amounts of property-tax-millage rates for the General, Rights-of-Way, and Library Funds, though actual millage rates would be established by the City Council in May or June, following the State's equalization of values.

Mayor Murphy opened the public hearing at 7:04 P.M. and there were no public comments and the hearing closed.

Resolution No. 19116
Approve Consent Agenda Items

Following introduction of the consent agenda for this meeting of November 20, 2017, City Councilmember Marshall moved that, seconded by City Councilmember Dittmar adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the November 6, 2017 regular session City Council meeting be and are hereby approved; and

BE IT RESOLVED that receipt by the City Council of a report concerning all checks that had been issued since November 6 for contract and vendor claims at \$708,114.56, intergovernmental claims at \$26,402.23, and the November 16 payroll at \$189,094.15, for a total of \$923,610.94 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)
NAYS: None (0)

Hear Public Comment

Mayor Murphy asked for public comments and Jeff Grantham, 801 Baxter Street, thanked DPW staff for efforts during leaf and brush pickup.

Hear City Manager Updates

The City Manager reported that improvements have begun at the old "Bistro" building on Michigan Street and that the owner submitted an application for a Redevelopment Liquor License which will be reviewed by the DMB in November with a possible recommendation to City Council to approve at a future meeting; that the 2018-2022 Parks and Recreation Master Plan has been recommended by both the Planning Commission and Parks and Recreation Commission and will be discussed in December; that approximately 1,000 linear feet of the Little Traverse Wheelway from Bay Shore eastward has been resurfaced; that Jackson Street construction is progressing and that hospital officials have closed Ring Road to construction traffic only; that IT Supervisor Michael Reid recently submitted a letter of resignation; and that tomorrow is the final day for leaf pick-up.

City Councilmembers inquired if public comments concerning the draft Parks and Recreation Master Plan are included, which they are in Appendix A of the Plan and if leaves could be placed in bags, which they may if placed in biodegradable bags.

Resolution No. 19117 - Confirm
Special Assessment Roll

The City Manager reviewed the proposed special assessment and programs and services for 2018; that Liz Ahrens, Crooked Tree Arts Center Executive Director, requested that non-profit organizations be exempt from the program; and that DMB reviewed the same request in 2014 and denied the request.

City Councilmembers discussed request and heard from those in favor of including non-profits in the special assessment program and that the current process should keep moving forward and change later if approved by the DMB.

Mayor Murphy asked for public comments and heard inquiries if outdoor dining was included in the special assessment; if non-profits are exempt from taxation; and that non-profits should not be included in the program and should be reconsidered.

City Councilmember Wills moved that, seconded by City Councilmember Marshall adoption of the following resolution:

WHEREAS, the City Council on October 2, 2017, reviewed a report of September 26, 2017, that had been prepared by the City Manager that listed programs and services that had been proposed to be provided property owners and tenants within the Downtown Management Board's territory along with the proposed special-assessment roll that could be implemented to finance such programs and services; and

WHEREAS, following that review, the City Council conducted a public hearing on October 16, 2017, to receive comments concerning recommended programs and services as proposed to be provided by the Downtown Management Board as well as costs that had been estimated by the Downtown Management Board for providing such programs and services; and

WHEREAS, after having received no comments at its October 16 public hearing, the City Council then approved the programs and services as had been recommended by the Downtown Management Board, as well as approved the costs for such programs and services that had been estimated by the Downtown Management Board; and

WHEREAS, in addition to approving proposed downtown programs and services and costs of such programs and services, the City Council directed the City staff to prepare a special-assessment roll in accordance with the City Council's approval of recommended programs and services and costs of such programs and services for presentation to the City Council on November 6, 2017; and

WHEREAS, after receiving a proposed special-assessment roll, the City Council accepted the assessment roll, ordered that it be placed on file with the City staff and made available for inspection by the public, scheduled a public hearing for November 20, 2017, to receive comments concerning the proposed special-assessment roll, and directed the City staff to publish a notice of the November 20, 2017 public hearing and to notify potentially affected property owners of said hearing; and

WHEREAS, the City Council conducted its November 20 public hearing and is satisfied with the assessment roll as prepared by the City staff and believes that assessments are in proportion to the benefits to be received:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby accepts the special-assessment roll as prepared by the City staff and as presented to the City Council and is satisfied with the roll and believes that assessments are in proportion to the benefits to be received; and

BE IT FURTHER RESOLVED that the City Council does and hereby confirms the special-assessment roll as prepared by the City staff and as presented to the City Council; and

BE IF FURTHER RESOLVED that the City Council does and hereby orders that a certified copy of said special-assessment roll be placed on file at the City Hall and that the staff be and is hereby directed to spread the assessments and collect the various sums and amounts that appear on said special-assessment roll.

Said resolution was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)
NAYS: None (0)

Resolution No. 19118
Approve 2018 Budget

The City Manager reviewed that following a lengthy presentation at the November 6 City Council meeting concerning the City's proposed 2018 Annual Budget, City Council scheduled a public hearing for November 20 to receive comments concerning both the budget recommendation and property tax millage rates, which was conducted earlier in the meeting. The City Manager reviewed individual millage rates that would total 14.4861 mills; that final adjustments of property tax millage rates would be approved by City Council midway through 2018, following the State's annual equalization of assessed and taxable values; that property-tax rates have been proposed at the amounts of 7.5660 mills to produce revenues to offset costs of general government services and projects; with .4890 mills added for solid-waste programs; 3.8962 mills to offset costs of maintenance operations and public improvements within street right-of-ways; 1.7890 mills to offset costs for operation and maintenance of the Petoskey District Library; and Fire Equipment 0.7459.

The City Manager also reviewed the schedule of various rates and charges that is reviewed each year with any adjustments being presented to City Council for consideration; that various license application fees increased including outdoor dining, vacation rentals, hotels, bed and breakfasts and boarding houses; that Magnus Park rates and park reservation fees for gazebos, shelters and special areas increased; that the City adopts the DNR Waterways Commission rates which are approved by the State in mid-December of this year, and that at this point the City does not know the official approved rates for 2018, but that the City will continue to use DNR Waterways Commission Tier Rate 3 for Marina seasonal boaters and DNR Waterways Commission Tier Rate D for transient boaters in 2018; and reviewed new Public Safety fees for private events.

City Council member Lyman moved that, seconded by City Councilmember Wills adoption of the following resolution:

WHEREAS, as required of City Charter provisions, the City Manager has presented to the City of Petoskey City Council the City's proposed annual budget for 2018; and

WHEREAS, as also is required of City Charter provisions, the City Council on November 20, 2017, conducted a public hearing to receive comments concerning these proposed budgets for the City's various funds:

General Fund

January 1, 2018 Fund Balance	\$ 4,980,571
Revenues	<u>8,366,100</u>
Expenditures:	
General Governmental Services	1,686,300
Public Safety	3,474,600
Public Works	621,300
Recreation and Cultural	<u>2,632,000</u>
Total Expenditures	<u>8,414,200</u>
December 31, 2018 Fund Balance	\$ <u>4,932,471</u>

Major Street Fund

January 1, 2018 Fund Balance	\$ 827,396
Revenues	1,857,100
Expenditures	<u>1,856,500</u>
December 31, 2018 Fund Balance	\$ <u>827,996</u>

Local Street Fund

January 1, 2018 Fund Balance	\$ 459,939
Revenues	481,600
Expenditures	<u>440,100</u>
December 31, 2018 Fund Balance	\$ <u>501,439</u>

General Street Fund

January 1, 2018 Fund Balance	\$ 973,101
Revenues	2,338,600
Expenditures	<u>2,499,600</u>
December 31, 2018 Fund Balance	\$ <u>812,101</u>

Tax Increment Finance Authority Fund

January 1, 2018 Fund Balance	\$ 1,223,851
Revenues	315,000
Expenditures	<u>451,500</u>
December 31, 2018 Fund Balance	\$ <u>1,087,351</u>

Library Fund

January 1, 2018 Fund Balance	\$ 747,922
Revenues	1,402,900
Expenditures	<u>1,406,800</u>
December 31, 2018 Fund Balance	\$ <u>744,022</u>

Downtown Management Fund

January 1, 2018 Fund Balance	\$ 137,064
Revenues	182,500
Expenditures	<u>182,100</u>
December 31, 2018 Fund Balance	\$ <u>137,464</u>

Downtown Parking Fund

January 1, 2018 Retained Earnings	\$ 690,987
Revenues	514,200
Expenses	<u>771,400</u>
December 31, 2018 Retained Earnings	\$ <u>433,787</u>

Right-of-Way Fund

January 1, 2018 Fund Balance	\$ 711,417
Revenues	1,679,000
Expenditures	<u>1,952,000</u>
December 31, 2018 Fund Balance	\$ <u>438,417</u>

Electric Fund

January 1, 2018 Retained Earnings	\$ 25,150,629
Revenues	11,580,800
Expenses	<u>11,360,100</u>
December 31, 2018 Retained Earnings	\$ <u>25,371,329</u>

Water and Sewer Fund

January 1, 2018 Retained Earnings	\$ 24,724,730
Revenues	5,361,300
Expenses	<u>5,482,000</u>
December 31, 2018 Retained Earnings	\$ <u>24,604,030</u>

Motor Pool Fund

January 1, 2018 Retained Earnings	\$ 3,934,887
Revenues	946,400
Expenses	<u>938,300</u>
December 31, 2018 Retained Earnings	\$ <u>3,942,987</u>

Building Authority Marina Improvements Bond Fund

January 1, 2018 Fund Balance	\$ 15,382
Revenues	107,100
Expenditures	<u>107,100</u>
December 31, 2018 Fund Balance	\$ <u>15,382</u>

Building Authority Bear River Valley Improvements Bond Fund

January 1, 2018 Fund Balance	\$ 33,416
Revenues	260,100
Expenditures	<u>201,400</u>
December 31, 2018 Fund Balance	\$ <u>92,116</u>

WHEREAS, following the public hearing to receive comments concerning the proposed 2018 Annual Budget and its consideration of the proposed budget, the City Council wishes to approve the proposed budgets of these various City funds:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby approves the 2018 Annual Budget as presented by the City Manager and as summarized in this resolution; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to declare certain obsolete City owned personal property as surplus and to arrange for its sale or disposal; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to make adjustments among line item appropriations so long as the total expenditure budget for the assigned fund is not exceeded; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to negotiate with and establish certain rates for electric-utility customers as might be deemed appropriate in response to on-going utility-industry restructuring efforts; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to continue the City's participation in the various feasibility studies that are conducted by the Michigan Public Power Agency or to join in with other studies, service committees, or projects that would be established by the Agency, such as those related to power-supply issues, or those that would meet municipal electric-system needs; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to work with other municipally-owned electric utilities to study the feasibilities of satisfying short- and long-term power-supply needs; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to work through Michigan Public Power Agency to identify and enter into power purchase agreements or transactions to satisfy power supply needs, consistent with the Energy Services Risk Management Policy as adopted by the City of Petoskey; and

BE IT FURTHER RESOLVED the rates and charges for services, fees, permits, licenses and the like and as listed in the City's Schedule of Rates and Charges and as attached to this resolution are approved and authorized to be charged and collected as applicable; and

BE IT FURTHER RESOLVED that the City Manager receives a 2% increase to his wage rate; and

BE IT FURTHER RESOLVED that the various parts, sections, and clauses of this resolution are hereby declared to be severable. If any part, sentence, paragraph, section, or clause is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of the resolution shall not be affected thereby.

Said resolution was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)

NAYS: None (0)

Resolution No. 19119 - Second Reading
of Proposed Ordinance Amending
Appendix A of Zoning Ordinance &
Postponed Action

The City Manager and City Planner reviewed that based on research undertaken on previous approvals for an existing residential care and treatment facility, City Council at its October 16 meeting directed staff to make several changes to a proposed Zoning Ordinance amendment and was discussed at the first reading on November 6.

The City Attorney reviewed a letter received from Mr. Vantreese, Harbor Hall attorney, which was dated October 30; discussed information in the letter; that Mr. Vantreese disagrees with City's classification of Harbor Hall; and recommended listening to Harbor Hall comments and postpone action until a later date.

City Councilmember Marshall moved that, seconded by City Councilmember Dittmar to postpone possible action on the proposed ordinance until the December 18 Council meeting.

Said motion was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)

NAYS: None (0)

Mayor Murphy asked for public comments and heard comments that discussion has been ongoing for months and objections to last minute postponement with Harbor Hall and now have to wait until December 18 and heard from those in favor of and opposed to postponing discussion.

There were further public comments concerning the proposed ordinance and heard from the Harbor Hall CEO reviewing history of the organization since 1974; Mr. Vantreese, Attorney for Harbor Hall, reviewed that federal law preempts local zoning act and that people in recovery are treated as family; heard public comments opposed to larger facility on Emmet Street and value mission of neighborhood; that a prior Harbor Hall resident commended the facility and that residents tend to give back to the community; that Harbor Hall operates well now, but with the proposed size and scope would not be tolerated in neighborhood; that Harbor Hall has been taken off tax rolls and has grown over the years; that Petoskey is better off being known as a great alcohol recovery area vs. a town with many alcohol abusers; concerns with expansion and the lack of communication between Harbor Hall and surrounding residents; inquired if there have been any studies on negatives issues at Harbor Hall; that it seems as if City Council is zoning this type of facility out of the community; that it is a better use to expand the dilapidated warehouse than be vacated; that information should be reviewed at future meetings of the impact of Harbor Hall on the community; and that residents come from other areas and are a disruption to neighborhood.

City Council will reconsider the proposed ordinance at their December 18 meeting.

Resolution No. 19120
Confirm Petoskey Chamber of
Commerce Non-Profit Status

The City Manager next reported that Carlin Smith, President of the Petoskey Regional Chamber of Commerce, requested City Council approve a resolution confirming that the Chamber is a recognized non-profit organization in the community and supports a charitable gaming license.

City Councilmember Marshall moved that, seconded by City Councilmember Wills adoption of the following resolution:

WHEREAS, local governmental units are required to certify status of local non-profit organizations that seek permission of the Michigan Bureau of the Lottery, Charitable Gaming Division, to conduct certain types of fundraising campaigns that require issuing of gaming licenses; and

WHEREAS, the Petoskey Regional Chamber of Commerce, Petoskey, has requested that the City recognize it as a non-profit organization that operates within the community for the purpose of administrating gaming licenses that would permit future fundraising events, the proceeds from which would benefit the individual affiliate conducting the event:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby certifies that the Petoskey Regional Chamber of Commerce, Petoskey, is a recognized non-profit organization that operates within the Petoskey community.

Said resolution was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)

NAYS: None (0)

Resolution No. 19121
Approve Great Lakes Center for
the Arts Liquor License Requests

The City Manager reviewed that the Great Lakes Center for the Arts requested approval of an application through the Michigan Liquor Control Commission for a Resort Economic Development Class C and SDM license. The licenses will primarily be used for serving refreshments to GLCFA patrons for special events and fundraisers, and to help support the Center's operations through venue rental to third parties. GLCFA officials and the LCC website indicated there are no licenses available to purchase in Emmet County. City Council was being asked to support a new Resort Economic Development Class C and SDM license for the Great Lakes Center for the Arts. The LCC will determine if the Center qualifies for one or both of the proposed liquor licenses.

City Councilmember Marshall recused herself from the discussion.

Jill O'Neill, Executive Director for the Great Lakes Center for the Arts, gave a brief presentation on license requests.

City Councilmembers inquired if patrons would be paying for beverages and if sales for off premises is competitive to other businesses in Bay Harbor. Ms. O'Neill responded that patrons could buy prior to an event and during intermission; doesn't see it competing with others; and that the Center opens July 7, 2018.

Mayor Murphy asked for public comments and heard from those in favor of the license approvals; inquiries on how many licenses are issued in Emmet County; and that the Center should serve responsibly.

City Councilmember Dittmar moved that, seconded by City Councilmember Wills adoption of the Michigan Liquor Control Commission resolution approving the Resort Economic Development Class C and SDM liquor licenses.

Said motion was adopted by the following vote:

AYES: Lyman, Dittmar, Wills, Murphy (4)

NAYS: None (0)

ABSTAIN: Marshall (1)

Resolution No. 19122
Approve Contract for Wheelway
and Bayfront Park Repairs

The City Manager reviewed that the City experienced high winds accompanied by excessively high waves and as a result of the unusually high and northern direction of the waves, two shoreline properties were compromised. Approximately 120' of non-motorized trail, which is part of the bank stabilization for the Wastewater Treatment Plant, and accompanying shoreline are in need of immediate repair along with 200' of bank stabilization, outfield, fencing and warning track damage along Bayfront Park. City staff contacted contractors capable of quality repair and received quotes for lump sum repairs for the two locations. Five contractors were contacted and three quotes were received. City staff recommended that Dunkel Excavating, Petoskey, be considered for award of the contract. Repairs to the trail and bank stabilization behind the Wastewater Treatment Plant will be funded through the Water/Sewer Fund and expenditures for Ed White Field and corresponding shoreline will be through the General Fund.

City Councilmember Wills then moved that, seconded by City Councilmember Lyman adoption of the following resolution:

WHEREAS, the City of Petoskey City Council hereby recognizes the need to address weather related damage to the Lake Michigan shoreline along Bayfront Park's Ed White Field and the Little Traverse Wheelway non-motorized trail; and

WHEREAS, the needed repairs are critical to prevent further damage to the facilities and protect trail usage, bank stabilization and erosion control; and

WHEREAS, the City of Petoskey staff has received estimates for the immediate repair and restoration of the affected properties:

NOW, THEREFORE, BE IT RESOLVED, that the City of Petoskey City Council does and hereby confirms contracting with Dunkel Excavating Services, Petoskey, to perform necessary repairs and restoration estimated at \$12,610 for Ed White Field and \$22,780 for the non-motorized trail, with actual cost based on per unit pricing as listed on the cost estimate; and

BE IT FURTHER RESOLVED, that the City of Petoskey City Council does hereby authorizes the City Manager, or his designee, to serve as the City of Petoskey's representative for the repair and restoration of identified shoreline, Bayfront Park facilities and the Little Traverse Wheelway.

Said resolution was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)

NAYS: None (0)

Resolution No. 19123
Approve Emmet County
Jaws of Life Agreement

The City Manager reviewed that for the past several years Emmet County has dispersed funds to fire departments within Emmet County to help support their "Jaws of Life" programs. The City has been included in this process with the City receiving \$4,500 annually for the past several years.

Emmet County requested the City sign an agreement to provide "Jaws of Life" services.

City Councilmember Wills moved that, seconded by City Councilmember Marshall to approve and authorize the City Manager to execute the 2017 Jaws of Life Agreement between Emmet County and the City of Petoskey.

Said motion was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)
NAYS: None (0)

Resolution No. 19124
Adopt Social Media Policy

The City Manager reviewed that the City is nearing the launch of an official City of Petoskey Facebook page, which will be coordinated by the City Manager's Office. City staff is looking forward to enhanced engagement and communication with more of the residents and merchants by leveraging Facebook and with the new revamped website. Staff aims to launch the Facebook page and new website by early December. The Social Media Policy was developed by the City Manager and City Attorney. The purpose of the policy is to provide a framework for managing the City's official Facebook page. The policy is structured into general policy guidelines for anyone posting to the City's social media pages. The Policy will also apply to other departmental social media pages. Currently, the Department of Public Safety and Parks and Recreation Department have active Facebook pages.

City Councilmembers inquired how the guidelines will be posted and the City Manager responded that the policy will be posted on both the City's website and official Facebook page.

City Councilmember Lyman then moved that, seconded by City Councilmember Wills adoption of the Social Media Policy.

Said motion was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)
NAYS: None (0)

Resolution No. 19125
Recess to Closed Session

City Council was being asked to adopt a resolution that would recess to a closed session pursuant to Section 8(h) of the Michigan Open Meetings Act, to consider material exempt from disclosure.

City Councilmember Wills moved that, seconded by City Councilmember Marshall adoption of the following resolution:

WHEREAS, the City Manager has requested that the City Council recess to a closed session, pursuant to Section 8(h) of the Michigan Open Meetings Act, to consider material exempt from disclosure, at the City Council's regular meeting of November 20, 2017:

NOW, THEREFORE, BE IT RESOLVED that the City Council does and hereby authorizes to recess to a closed session, to consider material exempt from disclosure.

Said resolution was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)
NAYS: None (0)

Recessed to closed session at 9:00 P.M. and reconvened into open session at 10:08 P.M.

Hear Council Comments

Mayor Murphy asked for Council comments and Councilmember Marshall inquired about grass mowed on a portion of Bay Street, which the City Manager will look into.

There being no further business to come before the City Council, this November 20, 2017, meeting of the City Council adjourned at 10:10 P.M.

John Murphy, Mayor

Alan Terry, City Clerk-Treasurer