



CITY COUNCIL

January 20, 2014

A regular meeting of the City of Petoskey City Council was held in the City Hall City Council Chambers, Petoskey, Michigan, on Monday, January 20, 2014. 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: William Fraser, Mayor  
Kate Marshall, City Councilmember  
John Murphy, City Councilmember  
Grant Dittmar, City Councilmember  
Jeremy Wills, City Councilmember

Absent: None

Also in attendance were City Manager Dan Ralley and Downtown Director Becky Goodman.

Brownfield TIF Presentation Concerning Mac McClelland, Otwell Mawby, and Emmet County  
200 East Lake Street Property Brownfield Consultant, gave a presentation concerning Brownfield TIF as it may apply to the 200 East Lake Street property. Mr. McClelland gave an overview on opportunities, background information, Brownfield TIF, arrangements and next steps in moving forward with a project.

Mr. McClelland reviewed that development plans for 200 East Lake Street site are unclear; that it will likely need parking and then cost of underground parking makes it difficult to construct absent outside funding; that Brownfield can provide State funding for local infrastructure; that TIF is already in place; and that the site is an eligible Brownfield facility based on contamination from local dry cleaner.

Mr. McClelland also reviewed that the Brownfield program has changed significantly since inception in 1996; that it includes infrastructure as an eligible activity for Core Communities, not just environmental expenses; that Petoskey was a Core Community in 2010; that the Brownfield Plan for Petoskey was approved in 2006 and about \$23,000 in eligible expenses incurred as part of clean up on site and has been vacant since; that recent amendments to Act 381 allow Brownfield plans to be terminated and a new plan approved; and reviewed an infrastructure budget for future arrangements.

City Councilmembers inquired what state agency makes the approval decision and inquired about public availability of parking spaces. Mr. McClelland responded that MEDC makes the decisions and noted that most parking structures funded via Brownfield in other communities rely heavily on permit parking.

Mayor Fraser asked for public comment and heard inquiries on who Mr. McClelland worked for and if there was a cap on awards. Mr. McClelland responded that he works for Otwell Mawby and is a Brownfield Consultant for Emmet County; that there are no caps on awards; and noted that both parking decks in Traverse City were financed via Brownfield as well as a project in Marquette.

Resolution No. 18747-18748  
Approve Consent Agenda Items

Following the introduction of the consent agenda for this meeting of January 20, 2014, City Councilmember Marshall moved that, seconded by City Councilmember Murphy to extract the contract authorization and adopt

the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the January 6, 2014 regular-session City Council meeting be and are hereby approved; and

BE IT FURTHER RESOLVED that receipt by the City Council of a report concerning all checks that had been issued since January 6 for contract and vendor claims at \$2,447,458.20, intergovernmental claims at \$59,756.70, and the January 2 and January 16 payrolls at \$371,237.31, for a total of \$2,878,452.21 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

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

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

Resolution No. 18748

BE IT FURTHER RESOLVED that the City Council does and hereby authorizes to contract with Armond Cassil Railroad Construction Company, Inc., Warren, for the replacement of rail ties in the amount of \$61,498.

Said resolution was adopted by the following vote:

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

Resolution No. 18749  
Confirm Appointments

Mayor Fraser then reviewed that City Council consider possible appointment to the District Library Board due to a vacancy after Dale Hull's resignation and disclosed that he was related to the applicant. City Councilmember

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

BE IT RESOLVED that the City Council does and hereby approves the appointment of Jodi Adams, 819 East Mitchell Street, to the District Library Board, for a one-year term ending January 2015.

Said resolution was adopted by the following vote:

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

Hear Public Comment

Mayor Fraser asked for public comments and there were no comments.

Hear City Manager Updates

The City Manager reported on snow removal due to the excessive amounts thus far; and that there will be a 6:00 P.M., Monday, January 27, 2014 goal setting session in the City Hall Council Chambers with Council and City staff.

## Vacation Rental Properties Discussion

The City Manager next reviewed that at the January 6, 2014 Council meeting the issue of vacation rental properties was discussed and included in these discussions was the possible regulation of existing vacation rental properties, as well as zoning restrictions that could be implemented for new vacation rentals.

City staff requested additional direction on the type of regulation that City Council would like to consider, as well as whether Council wished to receive input from the Planning Commission on this issue if a zoning restriction was preferred.

The City Manager reviewed that the City Attorney advised that existing vacation rental units that are legally in existence at the time of regulation may be grandfathered. However, for all new vacation rental properties, City Council has several policy options in terms of frequency and location:

- *No regulation*
- *Limited Future Allowance.* If a limited number of vacation rental properties is seen as beneficial to the community, City Council could restrict by number or distance, or by limited the permitted use of vacation rentals to certain zoning districts. Possible zoning districts could include commercial areas and the transitional business district zoning currently in draft form with the Planning Commission.

The City currently restricts bed and breakfast establishments to one every 500 feet. However, the establishment of a vacation rental is significantly easier than the establishment of a new bed and breakfast property because a vacation rental property does not require owner occupancy.

- *Restriction by Zoning District.* A simple way to restrict future vacation rentals would be to define any structure used for transient lodging accommodations for 30 days or less as a hotel. This would effectively limit vacation rentals to commercial zoning districts within the City where hotels are permitted uses.

At the January 6 Council meeting, Councilmembers requested additional information about how other communities are regulating the frequency or number of vacation rental properties within their communities. City staff checked with several other communities that regulate vacation rental properties in some fashion and found none that limit or cap the number of vacation rentals. Instead, most communities identified, including Traverse City and Holland, regulate vacation rentals by limiting the zoning districts where they are permitted.

If Council elects to proceed, based on discussions at the January 6 meeting, it is City staff's understanding that safety inspections for compliance with the IPMC and IFC would be part of a draft ordinance for Council consideration. Bed and Breakfast establishments and hotels are already inspected on an annual basis by Public Safety personnel. Inspection of vacation rental properties would help ensure basic safety standards are being met in properties that are being rented for similarly short durations where persons may be less familiar with their surroundings and methods of egress in case of an emergency. Additionally, based on Council discussions, the required posting of basic noise, parking and trash disposal regulations, similar to St. Joseph, would be included in a draft ordinance pending direction on the overall regulation of vacation rentals.

City Councilmembers inquired if existing units would be permitted if they are commercial use; if Council could limit or place a minimum stay as part of the regulations; that vacation rentals change quality of life for residents; that licensing is presumed to be implemented; heard from those in favor of getting an impact from Planning Commission; that Petoskey is a resort community historically and perhaps that is changing; heard those in support of prohibiting in residential districts; and that regulation of time of stay is biggest way to control.

Mayor Fraser asked for public comments and heard from a citizen that a neighbor is financing property next door as vacation home by utilizing property as vacation rental.

City Councilmembers recommended direction from the Planning Commission concerning zoning districts and minimum length of stay.

Resolution No. 18750 – Approve MERS Retirement Plan Changes for Non-Union & DPW Employees

The City Manager reviewed that the City provides retirement benefits through the Municipal Employees' Retirement System (MERS), which has four separate divisions: nonunion, DPW union, Police union and Fire union. The collective bargaining agreement covering certain Department of Public Works employees for the period April 1, 2013 through March 31, 2016 includes provisions that require those employees to contribute towards their pension plan beginning April 1, 2014 at a rate of 1.5% of their wages increasing to 3% on April 1, 2015.

The City's nonunion employees will also begin contributing to their pension plan effective February 1, 2014 at a rate of 3% of their wage. This will put in place the process for all City fulltime staff that belong to the City's pension plan with the MERS individual contributions to the plan at a rate of 3%.

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

WHEREAS, the City is a participating governmental unit in the Michigan Municipal Employees' Retirement System (MMERS) pension plan document of 1996: and

WHEREAS, in accordance with pension provisions of a renewed collective bargaining agreement with certain unionized employees within the City's Department of Public Works require changes to the City's current MMERS plan: and

WHEREAS, certain pension provisions for Nonunion City employees with the recommendation of the City Manager also require changes to the City's current MMERS plan:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby elects to change current Michigan Municipal Employees' Retirement System (MMERS) benefits for Department of Public Works unionized personnel, referred to as City of Petoskey (2402), Division 01 – General Teamsters to include employee contribution rates of 1.5% beginning April 1, 2014, and 3.0% beginning April 1, 2015 and thereafter: and

BE IT FURTHER RESOLVED that the City of Petoskey City Council does and hereby elects to change current Michigan Municipal Employees' Retirement System (MMERS) benefits for Nonunion personnel, referred to as City of Petoskey (2402), Division 10 – General Nonunion to include employee contribution rates of 3.0% beginning February 1, 2014 and thereafter: and

BE IT FURTHER RESOLVED that the City of Petoskey City Council does and hereby authorizes the execution of the necessary agreements to enact the approved changes to the employee contribution rates within the City's pension plan with MMERS.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

There being no further business to come before the City Council, this January 20, 2014, meeting of the City Council adjourned at 8:20 P.M.

W.J. Fraser, Mayor

Dan Ralley, Recording Secretary