



## CITY COUNCIL

June 20, 2022

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, June 20, 2022. 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  
Tina DeMoore, City Councilmember  
Derek Shiels, City Councilmember  
Brian Wagner, City Councilmember  
Lindsey Walker, City Councilmember

Absent: None

Also in attendance were City Manager Shane Horn, Clerk-Treasurer Alan Terry, Parks and Recreation Director Kendall Klingelsmith, City Planner Zachary Sompels, Downtown Director Becky Goodman, City Assessor Robert Englebrecht, Finance Supervisor Audrey Plath and Executive Assistant Sarah Bek.

### **Hear City Assessor Presentation**

The City Assessor gave a brief presentation on his professional background, administration experience and that he is a Level 4 Certified Assessor, Personal Property Examiner and has been the City Assessor since 2013; reviewed responsibilities and development of the tax roll; reviewed reporting duties to State, City staff and City Council and role in various tax exemptions including IFT, DDA, TIFA and PILOT; reviewed Board of Review members and requirements; and 2023 goals for the assessing department.

City Councilmembers thanked Mr. Englebrecht for the presentation; noted that the City Manager, Assessor and City Attorney are the only three positions that report directly to City Council and discussed various aspects of the assessing process with the City Assessor. The Mayor stated the Board of Review is doing a great job for the City and that there is an opening for an alternate if anyone is interested.

### **Consent Agenda - Resolution No. 19665**

Following introduction of the consent agenda for this meeting of June 20, 2022, City Councilmember Walker moved that, seconded by City Councilmember Wagner adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the June 6, 2022 regular session City Council meeting be and are hereby approved as amended to include a correction under Council comments; and

BE IT RESOLVED that receipt by the City Council of a report concerning all checks that had been issued since June 6, 2022 for contract and vendor claims at \$1,152,884.28, intergovernmental claims at \$6,458.97 and the June 9 payroll at \$227,297.42, for a total of \$1,386,640.67 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

AYES: DeMoore, Shiels, Wagner, Walker, Murphy (5)

NAYS: None (0)

### **Hear Public Comment**

Mayor Murphy asked for public comments and heard concerns regarding the Harbor Hall development and that the City needs to ensure the development complies with the approved zoning; heard concerns on fireworks and if there were any rules preventing aerial fireworks; heard a complaint on a short-term rental neighbor and the ongoing noise and privacy issues related with short-term rentals; heard from those opposed to short-term rentals. The City Manager recommended further discussion of short-term rentals could occur at a future meeting.

### **Hear City Manager Updates**

The City Manager reviewed that Krimson LLC's bid to purchase Michigan Maple Block was rejected and another developer appears to have an agreement to purchase site; that the July 4 City Council meeting is not scheduled due to the holiday and the next meeting is July 18; and that Ward Conventions are scheduled for 8:00 P.M., July 11 and the City Convention is 8:00 P.M., July 13.

City Councilmembers discussed upcoming conventions and requested a synopsis report and suggested posting signs in the community to draw more attendance.

### **Approve Board and Commission Appointment – Resolution No. 19666**

Mayor Murphy reviewed that City Council consider the following appointment.

City Councilmember DeMoore moved that, seconded by City Councilmember Wagner adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby approves the appointment of Megan DeWindt, 1015 Hill Street, to the Downtown Management Board to fill a vacated term ending December 2024.

Said resolution was adopted by the following vote:

AYES: DeMoore, Shiels, Wagner, Walker, Murphy (5)

NAYS: None (0)

### **Adopt Ordinance 787 Amending Zoning Ordinance to Remove Housing Barriers – Resolution No. 19667**

The City Planner reviewed proposed zoning ordinance amendments to remove housing barriers to residential accessory units in residential districts R-1 and R-2; that these districts are intended to continue the historic development pattern of primarily single family detached dwellings, with two-unit dwellings and limited detached accessory dwellings along with other residentially related facilities which serve the residents in the district; and that this was the second discussion and proposed ordinance could be approved.

City Councilmembers discussed review process; deed restrictions; enforceability and IPMC; whether changes will address the need for housing availability and increased density; discussed rental period and the similarity to short-term rentals; grandfathering existing garage-like apartments; and discussed notification to public of changes and other items.

Councilmember DeMoore read the following statement: "In all that we do regarding housing, one of my overarching goals is affordability. Some input received from constituents regarding this proposed ordinance amendment links density with affordability. I would consider supporting increased density where it is linked by evidence to increased affordability. There is no such evidence here. Density alone isn't a positive and, in fact, there are many examples of increased density leading to developer opportunities, increased prices and decreased affordability.

If our goal as a Council is affordability, let's act on that goal and establish a policy that guides all of our housing decision-making with that goal in mind.

With due respect to the Planning Commission and their efforts, for that reason and the following reasons, I will not support the proposed ordinance amendment as currently configured:

- Section 1717 criteria regarding suitability of locations for 2 units residences needs to be included in writing as a required consideration;
- For my part, I think that public comment/input is important to a democracy; that has been eliminated here.
- Bulk of input received from constituents: 3 month rentals are too short, too close to vacation rental periods and don't meet the needs of year-round residents that need housing.
- I don't see much of this as actually enforceable.
- It remains unclear which existing garage apartments or other ADU-like structures are grandfathered in and which are not because there is nothing in writing for guidance. This will result in confusion and further enforcement challenges."

Mayor Murphy asked for public comments and heard from those opposed to ADUs; questions on minimum square footage and garage height requirements; heard concerns with increasing car traffic, noise and decreasing integrity of neighborhoods; that there may be other zoning districts more appropriate for ADUs vs. R-1 and R-2 districts; inquiry on maximum occupancy limits; and concerns about minimum rental requirements.

City Councilmember Shiels moved that, seconded by City Councilmember Walker adoption of the following ordinance:

**AN ORDINANCE TO AMEND SECTIONS 400 AND 401 OF APPENDIX A, ZONING  
ORDINANCE OF THE PETOSKEY CODE OF ORDINANCES**

WHEREAS, the Livable Petoskey Master Plan was adopted on July 19, 2021 and has a goal to provide a range of housing types, densities, and price levels to address the needs of all age groups, household types, and income levels; and

WHEREAS, the current lack of new housing construction is impacting the ability of current and new residents to find needed housing; and

WHEREAS, local regulations are one barrier to the construction of new housing that is under the control of the City of Petoskey; and

WHEREAS, the Planning Commission has been reviewing the zoning ordinances for several months to identify possible changes to remove such barriers and other needed changes and clarifications; and

WHEREAS, a public hearing was held May 19, 2022 by the Planning Commission on several changes where no opposition was received; and

WHEREAS, the Planning Commission recommends that the changes to Sections 400 and 401 of the Zoning Ordinance be approved to remove barriers to residential accessory units in residential districts.

NOW THEREFORE, the City of Petoskey ordains:

1. Section 400 of Appendix A to the Petoskey Code of Ordinances are hereby repealed and replaced with the following:

Section 400 – Intent:

The R-1 and R-2 Single-Family Residential Districts are intended to continue the historic development pattern of primarily single family detached dwellings, with two-unit dwellings and limited detached accessory dwellings along with other residentially related facilities which serve the residents in the district.

2. Section 401 of Appendix A to the Petoskey Code of Ordinances are hereby repealed and replaced with the following:

c. The dwelling unit shall have a minimum footprint of 600 square feet, not including an attached garage.

3. Section 401(8) and (9) of Appendix A to the Petoskey Code of Ordinances hereby added:

8. Two-family attached dwellings subject to the following standards:

a. All regulations as contained in article XVI, Section 1600, Schedule limiting height, bulk, density and area by zoning district, in accordance with the district in which the parcel is located.

b. A two-family dwelling shall meet parking requirements of section 1704.

c. Two-family attached dwellings shall be architecturally compatible in size and character with the surrounding neighborhood.

d. A two-family dwelling shall not allow a garage to protrude beyond the front building plane.

e. For conversion of an existing building, the second dwelling entrance shall only be located on a non-street fronting building façade.

f. An exterior stairway to an upper level dwelling shall only be located on the side or rear of the structure and within the required building setbacks.

9. One (1) detached accessory dwelling unit (ADU) is allowed per residential lot subject to staff review and approval that the following standards are met:

a. An ADU is permitted on a parcel that has (1) single-family dwelling as the permitted principal use.

b. The property owner shall occupy either the ADU or the single-family dwelling on the property, except for temporary absences not to exceed a combined total of six (6) months in a calendar year, and be the primary residence of the property owner.

c. An ADU shall not exceed 600 square feet.

d. The property cannot exceed the lot coverage allowances of Section 1600 of the Zoning Ordinance.

e. At least one (1) off-street parking space shall be provided for the ADU. Tandem or stacked parking in a driveway may count toward the off-street parking requirement.

f. An ADU is not allowed on a property with a shared driveway.

g. Leasing or rental of the ADU for less than three (3) months is prohibited.

h. The accessory dwelling unit shall NOT have separate utility laterals.

i. A deed restriction that runs with the land, on a form to be provided by the City, shall be filed with the Register of Deeds prior to issuance of a zoning permit, and it shall incorporate the following restrictions:

1) The ADU shall not be sold separately from the single-family dwelling.

2) Shall specify the owner occupancy requirement and rental time limit.

3) The deed restriction shall be in effect until the ADU is removed.

j. No more than 10 new accessory dwelling units shall be permitted in a calendar year.

k. The ADU cannot exceed 1 ½ stories and 16 feet, or the height of the principal structure, whichever is less.

- I. ADUs are only allowed in a rear yard and must have a minimum side-yard setback of five (5) feet, and a rear-yard setback of 5 feet. If located on an alley, accessory building setbacks shall apply.
- m. ADUs shall be compatible in appearance with the neighborhood.

4. Conflicting Standards.

If any of the standards set forth in this amendment conflict with any other standards of previous or further ordinances or amendments, the stricter standards shall apply.

5. Repeal; Savings Clause.

All ordinances, resolutions, or orders, or parts thereof, in conflict with the provisions of this ordinance are, to the extent of such conflict, repealed.

6. Severability.

The various parts, sections and clauses of this Ordinance 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 Ordinance shall not be affected thereby.

7. Effect.

This ordinance shall take effect fifteen (15) days following its enactment and shall be published once within seven (7) days after its enactment as provided by Charter.

Said ordinance was adopted by the following vote:

AYES: Shiels, Wagner, Walker, Murphy (4)

NAYS: DeMoore (1)

**Approve Crooked Tree Arts Center Social District Permit Application – Resolution No. 19668**

The City Manager reviewed that the social district currently has seven approved licenses; that Crooked Tree Arts Center currently has a Class C liquor license; that the license would allow patrons to use Commons Area of the Social District; and that the application requires City Council approval followed by State approval of a permit.

City Councilmembers discussed the number of licenses allowed in the district and heard from those that have concerns with drinking on sidewalks and around children.

City Councilmember Walker moved that, seconded by City Councilmember Wagner to approve the Social District Application for Crooked Tree Arts Center, 461 East Mitchell Street.

Said motion was adopted by the following vote:

AYES: DeMoore, Shiels, Wagner, Walker, Murphy (5)

NAYS: None (0)

**Authorize Contract for Solanus Mission Beach Project – Resolution No. 19669**

The Parks and Recreation Director reviewed that the Solanus Mission Beach improvements are part of the TIFA Capital Improvement Plan which includes an accessible boardwalk to the lake, overlook deck and native landscaping; reviewed budgeted project cost of \$250,000; that the City received one bid in the amount of \$301,755; that the project is funded with \$112,500 from Michigan Coastal Management Program and remainder from the TIFA Fund.

City Councilmembers discussed how TIF funding works and the consultants involved in the project and staff noted that the taxable value from the City's waterfront and Bear River Valley area makeup the TIFA district.

City Councilmember Shiels moved that, seconded by City Councilmember Wagner to authorize contracting with Tri-County Excavating, Harbor Springs, in the amount of \$301,755 for construction of the Solanus Mission Beach project.

Said motion was adopted by the following vote:

AYES: DeMoore, Shiels, Wagner, Walker, Murphy (5)

NAYS: None (0)

**Approve Little Traverse Bay Ferry Company License Agreement – Resolution No. 19670**

The Parks and Recreation Director reviewed that the City approved two agreements with Little Traverse Bay Ferry Company to use Pier A for passenger pickup and drop off and to lease the Historical Room in the Resource Center for their ticket and merchandise sales and now is requesting to add a Special Event Vessel, Petoskey Princess, a 65-foot passenger boat; that the vessel would be used for special events that could include sunset cruises, weddings and educational opportunities for both public and private use; that the vessel will be moored on Pier A June 25 through September 25; that the rate is \$104 per day; and the one-year license agreement has been reviewed by City staff and the City Attorney.

City Councilmembers inquired if alcohol would be served on the vessel and that it is a great promotion of blue water economy.

City Councilmember Wagner moved that, seconded by City Councilmember Shiels to approve a license agreement with Little Traverse Bay Ferry Company for the operation of a Special Event Vessel.

Said motion was adopted by the following vote:

AYES: DeMoore, Shiels, Wagner, Walker, Murphy (5)

NAYS: None (0)

**Approve Bayfront Park Clock Tower Modifications – Resolution No. 19671**

The Parks and Recreation Director reviewed that in March, City Council approved \$49,154 in improvements for the clock tower; that upon inspection the canisters holding the lighting fixtures have become very brittle and will not hold the new fixtures; that new canisters will be constructed of rolled aluminum and include LED lighting; reviewed costs of \$56,130 for canisters; and that TIFA funds will cover costs of repairs and are only available for improvements along the City's waterfront and Bear River Valley.

City Councilmembers discussed the estimated life of upgrades; project costs and possible other costs; the need to maintain current infrastructure; available TIFA funding; and the approximate 3-4 months to complete the project.

City Councilmember Wagner moved that, seconded by City Councilmember DeMoore adoption of the following resolution:

WHEREAS, the City of Petoskey City Council hereby recognizes the need to keep the 30-year-old Bayfront Clock Tower functional and supports the need to upgrade the clock tower; and

WHEREAS, the City of Petoskey has an established maintenance agreement with Verdin Company, who installed the clock tower:

NOW, THEREFORE, BE IT RESOLVED, that the City of Petoskey City Council does and hereby confirms its intent to approve the proposal from Verdin Company for \$56,130 to replace the fiberglass canisters to rolled aluminum, which will be a better long-term solution; and

BE IT FURTHER RESOLVED that the City of Petoskey City Council hereby confirms its intent to authorize the City Manager, or his designee, to serve as the City of Petoskey's representative for the Clock tower upgrade project.

Said resolution was adopted by the following vote:

AYES: DeMoore, Shiels, Wagner, Walker, Murphy (5)

NAYS: None (0)

**Council Comments**

Mayor Murphy asked for council comments and Councilmember Walker is looking forward to the upcoming City and Ward Conventions. Councilmember Wagner commented that the Sunrise Rotary is organizing the July 4<sup>th</sup> parade and activities and looking for more volunteers. Councilmember Shiels wished everyone a Happy Juneteenth and inquired if the City recognizes Federal holidays and fireworks regulations, that the TIFA training was very helpful and encourages Council to discuss an economic development policy to guide developers. Councilmember DeMoore gave kudos to the Public Safety Department on their open house. Mayor Murphy also appreciated the TIFA training and commented that the Public Safety Open House is an outstanding event for the community and that the Public Safety Department is looking for the possibility of a full-time Resource Officer to work at the schools during the 2022-2023 school year.

There being no further business to come before the City Council, this June 20, 2022, meeting of the City Council adjourned at 10:28 P.M.

John Murphy, Mayor

Alan Terry, Clerk-Treasurer