



CITY COUNCIL

October 17, 2022

A special meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, October 17, 2022. This meeting was called to order at 5:30 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, City Clerk Sarah Bek and Finance Director/Treasurer Audrey Plath.

Discuss Allocation of ARPA Funds

The City Manager reviewed that the City received a total of \$604,890.67 in ARPA funds; that all revenue from ARPA funds has been removed from the proposed 2023 budget, which created a deficit budget of around \$300,000 in the General Fund; that the General Fund was balanced in large part by the removal of the Winter Sports Park interior renovations for \$225,000; that the General Fund MERS contribution was removed; reviewed timelines; that it is crucial to have a balanced budget and not use reserves if possible and that if reserves are used it could affect bond rating; and reviewed potential projects that could be funded by ARPA funds.

City Councilmembers inquired on how bond rating would be affected; inquired on what happens with any excess/shortage of funds at the end of 2022; heard from those in favor of spending ARPA funds responsibly; inquired if there would be an impact on City due to grant funding if Winter Sports Park interior renovations were not completed; inquired if there is a percentage requirement of budget to retain as fund balance; heard concerns on saving for future and if the City is charged on UAL balance; that there is a healthy reserve balance; heard from those that there is not an urgency to allocate funds; heard from those in favor of using funds towards housing initiatives, but a clear policy is needed, bike path restoration, Livable Petoskey Master Plan capital projects, municipal broadband and public safety equipment; heard from those in favor of energy savings and the replacement of Winter Sports Park windows and doors is crucial; discussed uncertainty of economy and to hold off for at least six months; briefly commented on a potential millage for further discussion in the future, if warranted; inquired on the General Fund MERS payment amount; all were in favor of keeping a full-time Code Enforcer in the proposed 2023 budget; concurred to use \$100,000 from reserves to pay for windows and doors at the Winter Sports Park; and agreed to hold off on use of ARPA funds and further discuss in the future.

The City Manager responded that there are a number of variables the bond agency uses and rating could be higher interest if the City seeks another bond; at the end of 2022 any excess/shortage of revenue is added or deducted from fund balance; that GFOA recommends approximately 25% of total revenue to retain for reserves; that fees are incorporated in MERS UAL balance; that across the State City Managers have shared concerns via a listserv with the state of economy, inflation and the extreme costs of goods and services; that a millage could be dedicated revenue for parks and a plan would need to be in place prior to going to the voters, depending on economic climate; and that \$61,000 was removed from the General Fund for MERS UAL annual payment contribution.

There being no further business to come before the City Council, this October 17, 2022, meeting of the City Council adjourned at 6:36 P.M.

John Murphy, Mayor

Sarah Bek, City Clerk