



CITY COUNCIL

November 7, 2022

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, November 7, 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, City Clerk Sarah Bek, Finance Director Audrey Plath and Downtown Director Becky Goodman.

Hear Brownfield Presentation Regarding Lofts at Lumber Square

Mac McClelland, Emmet County Brownfield Authority, gave a brief presentation outlining the Lofts at Lumber Square Brownfield project; reviewed Act 381 Brownfield TIF; reviewed Lofts Brownfield Plan; that there is an opportunity to provide future funding for the Greenway extension through a Brownfield Plan; that the increased taxes resulting from development on eligible property are captured and used to reimburse approved eligible activities; that a brownfield is not a tax abatement and the property owner pays the same amount of taxes; reviewed brownfield tax increment financing; reviewed eligible property and eligible activities; reviewed cost of Lofts at Lumber Square project eligible activities for an estimated total of \$1.6M; and reviewed timelines and next steps.

Representatives from Petoskey Harbor Springs Area Community Foundation (PHSACF) and Haan Development reviewed that Lofts at Lumber Square would be a single, 60-unit, three-story apartment building with lobby and community space; provide long-term workforce rental housing; include a parking lot with 62 parking spaces; that developers are seeking every source of funding for project; that Brownfield funding is a key aspect of financing for the project; and that there is philanthropic capital to keep rents affordable and lessen the finance gap.

City Councilmembers inquired on the dollar range for a 80-120% income to qualify for affordable rents; inquired on the type of units; inquired who would be maintaining and owning the buildings; inquired if PHSACF identified a property management company; inquired on revolving fund and how it is built in capture; inquired on the length of brownfield and if there were any downsides to brownfield funding; heard from those in favor of earmarking funds from the last five years of brownfield for future City projects; inquired on the last brownfield project in the City; inquired if the project is contingent on waiting on more funding and RAP grant; and heard from those in favor of collaborating with other organizations to get Lofts at Lumber Square completed and inquired on the amount raised to-date for the project.

Representatives responded that deed restrictions could be incorporated to help enforcement and be part of an operating agreement to make it affordable for long-term; that there will be a single operator for the Lofts unlike condo associations; that 100% is \$78,000 for a family of four; that the majority of units will be two-bedroom; that maintaining and owning the building is not a role of PHSACF, but more of a capital supporter and assisting to find a long-term partner; that Haan Development and Foundation are in discussions with a nonprofit for future management of building; that approving brownfield does not cost City anything today, but committing to housing; that MEDC supported the RAP grant, but only allocated some funds and encouraged PHSACF to apply for CRP loan and MSHDA Missing Middle grant; and that \$500,000 has been raised from private and other foundations to purchase property on Emmet Street for Lofts at Lumber Square.

Mr. McClelland reviewed that brownfield funding is an economic development tool to help projects move forward; reviewed timeline if there is private funding with no future Greenway investment vs. if there is public funding included for Greenway extension; reviewed revolving fund and that a schedule of funds could be made identifying a certain percentage to capture over so many years and that it is common to implement five years after; that there is very little to lose with brownfield funding and Lofts project cannot move forward without funding; that Great Lakes Center for the Arts was the last approved Brownfield project in the City and the last three in Emmet County have been in the City.

Consent Agenda - Resolution No. 19715

Following introduction of the consent agenda for this meeting of November 7, 2022, 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 confirms that the draft minutes of the October 17, 2022, special and regular session City Council meetings 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 October 17, 2022 for contract and vendor claims at \$660,127.70, intergovernmental claims at \$0 and the October 27 payroll at \$222,723.02, for a total of \$882,850.72 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 Marcia Meyer presented a rust print of a utility cover to the City.

Hear City Manager Updates

The City Manager reviewed upcoming meetings for the Downtown Management Board and Planning Commission; asked City Council if there was a need for the special Council meeting scheduled for November 14; that the draft 2023-2027 Parks and Recreation Master Plan update is available for review for the next 30 days; reviewed November staff birthdays and work anniversaries; reviewed final leaf pickup schedule; and encouraged residents to vote in tomorrow's General Election.

City Councilmembers concurred to cancel the November 14 special meeting; scheduled a work session for 5:30 P.M., January 9, 2023; inquired if the draft Parks and Recreation Master Plan was included in the weekly newsletter; and commented that the QR code for draft Parks and Recreation Master Plan was beneficial.

The City Manager responded that the draft plan is on the City's website, social media pages and included in the weekly newsletters.

Discuss B-3a Height Increase Zoning Ordinance Amendment

The City Manager reviewed that a letter from the City Planner was included in packet materials explaining that the Planning Commission discussed City Council's request to re-examine their determination to not increase the height limit in the B-3a Resort Commercial District at the October 20 meeting, and that Planning Commission concurred to let City Council decide on this issue.

City Councilmembers were in support of scheduling a public hearing for December 5 and a second discussion for December 19 on proposed amendment and requested that the City Planner be present.

Authorize Contract with W.F. Baird and Associates for Little Traverse Wheelway Site Study – Resolution No. 19716

The City Manager reviewed that in June, Beckett and Raeder presented a concept of the Little Traverse Wheelway which took riders on the south side of US-31 between the City and East Park which was identified as the preferred route after more than a year of discussion; that staff was directed to pursue the similar exercise for replacing the Wheelway in the original location so a cost estimate could be compared; that staff contacted W.F. Baird and Associates, Madison, Wisconsin, to provide a schematic design and cost estimates; that additional information through a hydrographic survey (lakebed) and topographic survey is needed; and that the timeframe may be a little aggressive to complete by the end of the year due to weather.

City Councilmembers inquired how the study will be funded; that nice weather is advantageous to begin survey work; that safety and shoreline stability is an important factor; and that the Trails Council is hosting a public meeting at 7:00 P.M., November 15 at Beards Brewery to discuss Wheelway.

The City Manager responded that the proposal is not part of the 2022 budget, but will be funded through the General Fund Unrestricted Reserves.

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

WHEREAS, the City of Petoskey City Council hereby recognizes the need to work towards a solution to repair the Little Traverse Wheelway; and

WHEREAS, the City of Petoskey has worked with W.F. Baird and Associates, who have studied the slope failure area:

NOW, THEREFORE, BE IT RESOLVED, that the City of Petoskey City Council does and hereby confirms its intent to approve the proposal from W.F. Baird and Associates for \$38,000 to complete topographic and hydrographic surveys along the closed section of the Little Traverse Wheelway; 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 site study.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Confirm Special Assessment Roll & Schedule Public Hearing – Resolution No. 19717

The City Manager reported that, following City Code provisions that regulated the City's special-assessment procedure, the City Council on October 17 conducted a public hearing, and received no comments concerning a September 28 report by the City Manager that had recommended the levy of special assessments against eligible, non-residential properties within the Downtown Management Board's territory to offset costs of programs and services that would be provided by the Downtown Management Board during 2023. Such revenues and expenditures have been included within the City's proposed 2023 Annual Budget.

The City Manager reported that the City Council had been provided a proposed special-assessment roll based upon the Downtown Management Board's September 20 recommendation that a 7% increase special-assessment formula be used for financing downtown-area programs and services, with \$0.20 being the amount that would be assessed per square foot of useable, first-floor, non-residential building area; \$0.05 being charged useable, non-residential area on floors other than the first floor; and vacant, unimproved lots being charged \$0.06 per square foot for lot area.

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

WHEREAS, at its regular meeting of October 3, 2022, City Council reviewed a report by the City Manager dated September 28, 2022, as required of City Code provisions, that listed programs and services that had been proposed to be provided to property owners and tenants within the Downtown Management Board's territory along with a proposed assessment formula that could be implemented to finance such programs and services during 2023; and

WHEREAS, following that review, City Council on October 3, 2022, scheduled a public hearing for October 17, 2022, to receive comments concerning proposed programs and services as intended 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, City Council, on October 17, 2022, approved proposed programs and services as recommended by the Downtown Management Board at their September 20, 2022 meeting and costs as estimated by the Management Board to be assessed eligible property owners within the boundaries of the proposed assessment district at a 7% increased rate compared to last year that are coterminous to those of the Management Board's territory; and

WHEREAS, in addition to approving proposed downtown-area programs and services and costs of such programs and services, City Council directed City staff to prepare a special-assessment roll in accordance with City Council's approval of recommended programs and services and costs of such programs and services for presentation to City Council at its meeting of November 7, 2022; and

WHEREAS, in response to City Council's direction, and in accordance with City Code provisions that regulate special-assessment procedures, City staff has provided a proposed special-assessment roll:

NOW, THEREFORE, BE IT RESOLVED that City of Petoskey City Council does and hereby accepts the assessment roll as prepared by the City staff and as presented to City Council; and

BE IT FURTHER RESOLVED that City Council does and hereby orders that said special-assessment roll be placed on file with City staff and made available for inspection by the public; and

BE IT FURTHER RESOLVED that City Council does and hereby schedules a public hearing for 7:00 P.M., Monday, November 21, 2022, to receive comments concerning this proposed special-assessment roll; and

BE IT FURTHER RESOLVED that City Council does and hereby directs City staff to publish a notice of the November 21, 2022, public hearing and notify potentially-affected property owners of said public hearing as required by City Code provisions that regulate City's special-assessment procedures.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

2023 Annual Budget Presentation & Schedule Public Hearing – Resolution No. 19718

The City Manager reviewed that the operating and capital budget totals \$33.6M; reviewed that a 3% cost of living adjustment is included for personnel; reviewed 1.3% increase on 2023 medical benefit plan hard caps; that the proposed budget includes a full-time Code Enforcement position, full-time School Resource Officer reimbursed at 50% and a contracted Assessor; that an additional \$600,000 MERS Unfunded Accrued Liability (UAL) payment is proposed for 2023 which will come from Enterprise Funds and General Street Fund and that the City is 92% funded; reviewed tax millages that have to be rolled back based on Headlee Amendment; that proposed utility rates will increase 4% for water and sewer and no increase for electric rates based upon past rate studies; reviewed the General Fund in detail including proposed revenues and expenditures, taxable value and property tax increases, and fund balance; reviewed 2023 capital projects; reviewed that it is unusual that the City does not assess 1% property tax administration fee (PTAF); reviewed challenges including Headlee Amendment, state shared revenue, 2023 economic outlook, capital improvement plan funding with an aging infrastructure, development pressures outside the City and impact on utilities, shoreline erosion control and Little Traverse Wheelway restoration, retaining and recruiting staff, community engagement improvements and City Hall access control/security enhancements; and reviewed timeline and possibility of scheduling budget work sessions for future years.

City Councilmembers discussed the 1% PTAF and heard from those in favor and against the tax; inquired on the amount the 1% fee would generate for the General Fund; that based on timeline including the 1% fee is not practical to implement by budget approval; heard from those in favor of phasing in the fee and to possibly look at including on summer tax bill; discussed the arboretum conversion capital project and that it may be premature to complete and if TIFA funds could be used rather than monies from the General Fund; heard from those in favor and against creating a policy on use of reserve funds; heard comments on parks and recreation long-term funding and if boat ramp extension could be completed in 2023 with marina reserve funds; heard from those in favor of other townships contributing towards the School Resource Officer rather than burden on City taxpayers; requested to discuss Act 425 agreements to grow City tax base; inquired on Code Enforcement Officer and that City Council set policy to help guide position; and concurred that scheduling budget meetings in the future will be advantageous and scheduled a special budget work session for 6:00 P.M., November 21.

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

WHEREAS, as required by City Charter provisions, the City Manager has presented for City Council's consideration the City's proposed budget for fiscal 2023; and

WHEREAS, City Charter provisions also require a public hearing be conducted to receive comments concerning the proposed annual budget; and

WHEREAS, the proposed budget includes certain recommendations by the City Manager concerning amounts of property-tax millage to be levied to partially finance City operations, programs, services, and projects during 2023; and

WHEREAS, the Michigan Truth-in-Taxation Act requires that public hearings be conducted to receive comments concerning proposed property-tax-millage rates, if such rates result in increased tax revenues, when compared with those of the previous year:

NOW, THEREFORE, BE IT RESOLVED the City of Petoskey City Council does and hereby schedules a public hearing for 7:00 P.M., Monday, November 21, 2022, at City Hall, to receive comments concerning the City's proposed 2023 Annual Budget and property-tax-millage rates that will be recommended to be levied during 2023 as part of the proposed budget.

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 Wagner recognized and thanked City Clerk Bek and Finance Director Audrey Plath for their efforts leading up to tomorrow's election. Councilmember Walker reported that she had attended the Housing Summit in Traverse City which highlighted the housing crisis in the region. Councilmember Shiels thanked Clerk staff and volunteers working tomorrow's General Election. Councilmember DeMoore thanked staff and the City Manager on the budget preparation and presentation and also thanked Clerk staff for their efforts on the election. Mayor Murphy appreciated those Councilmembers that attended the Housing Summit and commented on the available grant opportunities.

There being no further business to come before the City Council, this November 7, 2022, meeting of the City Council adjourned at 9:59 P.M.

John Murphy, Mayor

Sarah Bek, City Clerk