



CITY COUNCIL

December 19, 2022

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, December 19, 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 and Public Safety Director Matt Breed.

Public Safety Director Chief Breed Recognition

Northern Michigan Association Chiefs of Police representatives including Kyle Knight, City of Harbor Springs Chief, Joel Jett, City of Alpena Chief, and Todd Woods, Mackinaw City Chief, recognized Public Safety Director Matt Breed with a plaque for his dedicated service to the Association and law enforcement achievements in Northern Michigan. Representatives spoke highly of Chief Breed's leadership, admiration and friendship and wished him a well-earned retirement.

Public Hearing CDBG Rental Rehabilitation Grant Application for City Park Grill

A public hearing was held to receive comments concerning the City's proposed Community Development Block Grant (CDBG) Rental Rehabilitation Grant Application for City Park Grill, 432 East Lake Street.

Mayor Murphy opened the public hearing at 7:11 P.M. and there were no public comments and the hearing closed at 7:12 P.M.

Consent Agenda - Resolution No. 19737

Following introduction of the consent agenda for this meeting of December 19, 2022, Councilmember Walker moved that, seconded by Councilmember DeMoore adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the August 15, 2022, closed session, December 5, 2022 regular session and closed session City Council meetings be and are hereby approved as amended to include Carla Sherman's comment expressing thanks to the Public Safety Department on the December 5, 2022 regular session minutes; and

BE IT RESOLVED that receipt by the City Council of a report concerning all checks that had been issued since December 5, 2022 for contract and vendor claims at \$1,000,384.97, intergovernmental claims at \$219,958.13 and the December 8 payroll at \$346,666.78, for a total of \$1,567,009.88 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 Val Meyerson, District Library Director, commented that it has been a pleasure working with Chief Breed and he has always been helpful to the Library and announced that the Americans and The Holocaust traveling exhibit is coming to the library January 5 – February 14, 2023 and is 1 of 50 libraries in the country to host exhibit.

Hear City Manager Updates

The City Manager reviewed the special joint Planning Commission and DMB meeting from December 13; reviewed the December 15 Planning Commission meeting; asked Council for January 9 work session topics; inquired if January 30 or January 31 dates work for a special joint City Council and Planning Commission meeting to meet annual RRC requirement; provided project status updates for Lofts at Lumber Square, Michigan Maple Block, 424 Emmet Street OPRA, Little Traverse Wheelway slope restoration and CEDAM Fellowship grant for a college graduate with a planning background; that the Public Safety Director position was posted on December 12 and a community survey is available on the City's website; that the Downtown Office has a photo contest available to submit photos for a 2024 calendar; and that the Crooked Tree Arts Center is hosting festivities for New Year's Eve.

Councilmembers discussed work session topics and prioritized action plan updates, an overview session to discuss where policy is needed and ethics, economic incentive policy and short-term rentals; and concurred to meet at 5:30 P.M., the first Council meeting of each month ahead of regular meeting for January, February and March to discuss these matters. Councilmembers further commented that either January 30 or 31 works for a special joint meeting with Planning Commission; inquired on the timeline and when a decision would be made for zoning amendment for height allowance in the B-3a district; and inquired if the City will be applying for a SPARK Grant.

The City Manager responded that there is no timeline set to finalize the Planning Commission's decision on proposed zoning amendment allowing for height increase in the B-3a district; that the City was informed that it would not be successful in the first round of SPARK grants since disbursements would be more for disadvantaged communities, but that the City will apply for the second round.

Mayor Murphy reviewed 2022 holiday light contest winners, locations and prizes.

Approve CDBG Rental Rehabilitation Program Grant Submittal – Resolution No. 19738

The City Manager reviewed that as part of the Downtown Strategic Plan, increasing the number and quality of upper-story downtown residential units has been an identified goal within downtown; that a key tool identified by staff is Community Development Block Grant (CDBG) Rental Rehabilitation program; that if approved, \$531,790 in grant funding would be utilized to assist in the creation of five new, second floor residential units above City Park Grill, 432 East Lake Street; that three of the five units will be priced to be affordable for individuals making no more than 80% of the Area Median Income (AMI) for at least 5 years; that Housing North will assist City staff in the process; that before Council was a Letter of Interest (LOI) and pre-application that City Council can cancel at any time if there is no interest, but the LOI expires March 31; and disclosed that Dick Dinon, City Park Grill stakeholder, provides labor attorney services to the City for collective bargaining units and the City Attorney reviewed that there is no conflict of interest pertaining to grant.

Councilmembers inquired if the use of the City as the pass through of funds would create any increase in liability to the City; inquired if units at the AMI is required to be maintained for at least five years or if it could be expanded for a longer period; inquired on Housing North's participation due to City funding part of the position; heard from those supporting additional housing; and inquired how MEDC will help.

The City Manager responded that there may be very little liability, but staff is comfortable moving forward in the process; that MEDC indicated that five years is the minimum for units to be maintained at an affordable price, but that a separate agreement with developer could be developed and go beyond five years; and that an MEDC administrator will be assigned to the City throughout the entire grant process.

Andrea Jacobs, Housing North Ready Program Director, reviewed that since the City is RRC certified, it shows a commitment to program and has availability to this type of funding.

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

WHEREAS, the City of Petoskey wishes to encourage the upgrading of downtown residential units and housing conditions in an effort to increase the inventory of available workforce housing; and

WHEREAS, the City of Petoskey on behalf of the Wine Guys Holding, LLC has submitted a CDBG Grant application for Rental Rehabilitation for City Park Apartments at 432 Lake Street; and

WHEREAS, this project would create three one-bedroom apartments and two studio apartments in the second story of the City Park Grill; and

WHEREAS, all five apartments would be appropriately priced for out year-round workforce with three units renting at rates affordable to those making up to 80% AMI and the remaining two units intended to be affordable to those making no more than 120% AMI; and

WHEREAS, the funding request for CDBG Rental Rehabilitation Grant is \$531,790 with \$393,329 private for a total estimated project cost of \$925,119; and

WHEREAS, the proposed project is consistent with the City of Petoskey's Community Development Plan as described in the Application; and

WHEREAS, at least 51% of the beneficiaries of the project will be low and moderate income persons; and

WHEREAS, no project costs (CDBG and non-CDBG) will be incurred prior to a formal grant award, completion of the environmental review procedures and formal, written authorization to incur costs has been provided by the CDBG Project Manager; and

WHEREAS, the City of Petoskey City Council authorizes the submittal of the CDBG Rental Rehabilitation Grant Application on behalf of the owner; and

WHEREAS, Petoskey City Council authorizes John Murphy, Mayor, to sign the Grant Application and Shane Horn, City Manager, to sign the Grant Agreement and all amendments, payment requests and designee as the Certifying Officer for the NEPA Environmental Review.

NOW THEREFORE BE IT RESOLVED, that the City of Petoskey City Council authorizes the City Manager to apply to the Rental Rehabilitation Program for the amount of \$531,790 for funding through CDBG and to take all necessary steps to execute agreements necessary to receive and redistribute funds through the Rental Rehabilitation Program.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Approve 2022 Budget Amendments – Resolution No. 19739

The City Manager reviewed proposed budget amendments in the General Fund and Library Fund; that General Fund revenue adjustments included ARPA grant in Public Safety, that revenue was lost in Parks and Recreation as a result of State and Local grant opportunities, increased Magnus Park rentals and increased fuel sales in the Marina; that total decrease in budgeted revenues are \$972,200; that expenditures increased in personnel cost for Public Safety due to overtime and lack of positions filled and total decrease in budgeted expenditures are \$615,100; and that the Library Fund adjustments consisted of various minor adjustments to revenue and expenditure accounts.

Councilmembers inquired who approved the \$301,200 ARPA funding for Public Safety; discussed the process so not as many adjustments have to occur each year; and suggested a better layout by the Finance Director so financials are easier to read.

The City Manager responded that ARPA funding was approved administratively by individuals who no longer are employed with the City and that budget adjustments are common and will occur annually.

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

WHEREAS, at the close of the City's 2022 fiscal year, the City staff has determined that revenues and expenditures within two City funds are anticipated to differ from amounts that had been budgeted for:

NOW, THEREFORE, BE IT RESOLVED that budgeted revenues and expenditures within the General Fund and Library Fund be adjusted as follows:

	<u>Original</u>	<u>Amendment</u>	<u>Difference</u>
General Fund			
Revenues:			
Public Safety	\$ 372,900	\$ 71,700	\$ 301,200
Parks	1,338,000	546,000	792,000
Marina	<u>1,230,700</u>	<u>1,351,700</u>	<u>121,000</u>
Total revenues	<u>\$ 10,292,000</u>	<u>\$ 9,319,800</u>	<u>\$ 972,200</u>
Expenditures:			
Public Safety	\$ 3,504,400	\$ 3,554,400	\$ 50,000
Recreation and Cultural	<u>3,897,800</u>	<u>3,232,700</u>	<u>665,100</u>
Total expenditures	<u>\$ 9,971,700</u>	<u>\$ 9,356,600</u>	<u>\$ 615,100</u>
	<u>Original</u>	<u>Amendment</u>	<u>Difference</u>
Library Fund			
Revenues:			
Total revenues	<u>\$ 1,580,800</u>	<u>\$ 1,623,100</u>	<u>\$ 42,300</u>
Expenditures:			
Total expenditures	<u>\$ 1,577,900</u>	<u>\$ 1,640,112</u>	<u>\$ 62,212</u>

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 grateful to be serving Petoskey citizens and the community. Councilmember Wagner is fortunate to serve Petoskey citizens, gave kudos to the City Manager for his presence at meetings and community events and is looking forward to Val Meyerson's Hanukkah presentation tomorrow morning at Sunrise Rotary. Councilmember Shiels commented that it is a beautiful and special time of year and that there was a tragic passing in the school system and to comfort those in pain. Councilmember DeMoore echoed gratitude being able to serve the community and contribute to dialogue. Mayor Murphy is blessed to be on Council serving the community and to work with City staff, expressed happiness and joy to others and reported that the next Council meeting is January 9, 2023.

There being no further business to come before the City Council, this December 19, 2022, meeting of the City Council adjourned at 8:17 P.M.

John Murphy, Mayor

Sarah Bek, City Clerk