



## CITY COUNCIL

March 20, 2023

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, March 20, 2023. This meeting was called to order at 7:18 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 Works Director Mike Robbins.

### **Hear Sexual Assault Awareness Month Proclamation**

Mayor Murphy read the following proclamation:

WHEREAS, Sexual Assault Awareness Month draws attention to the fact that sexual violence is widespread and has implications for every community member; and

WHEREAS, sexual violence refers to any sexual activity when consent is not obtained or given freely; and

WHEREAS, nationally, one in four women and about one in 26 men have experienced completed or attempted rape in their lifetime; and

WHEREAS, sexual violence impacts every community and affects people of all gender identities, sexual orientations, and ages – anyone can experience or perpetrate sexual violence; and

WHEREAS, people who perpetrate are usually someone the survivor knows such as a friend, current or former intimate partner, coworker, neighbor or family member; and

WHEREAS, there is compelling evidence that we can be successful in reducing sexual violence through prevention education, increased awareness, and holding perpetrators who commit acts of violence responsible for their actions; and

WHEREAS, we must work together to educate our community about what can be done to prevent sexual assault and how to support survivors; and

WHEREAS, anyone can be a leader in preventing and ending sexual violence. As employers, educators, parents, and friends, we all have an obligation to uphold the basic principle that every individual should be free from violence and fear:

NOW, THEREFORE, I, John Murphy, Mayor of the City of Petoskey, do hereby proclaim April 2023 as Sexual Assault Awareness Month in our city.

## **Consent Agenda - Resolution No. 23-23**

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

BE IT RESOLVED that City Council does and hereby confirms that the draft minutes of the March 6, 2023 work session and regular session City Council meetings be and are hereby approved; and

BE IT RESOLVED that receipt by City Council of a report concerning all checks that had been issued since March 6, 2023 for contract and vendor claims at \$963,447.93, intergovernmental claims at \$97,965.97 and the March 16 payroll at \$218,123.57, for a total of \$1,279,537.47 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

## **Hear Public Comment**

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

## **Hear City Manager Updates**

The City Manager reviewed that the Planning Commission met last week and conducted a public hearing on a PUD preliminary rezoning plan for 1420 Standish Avenue and a conditional approval was granted unanimously; that DMB meets tomorrow to discuss a proposed redevelopment liquor license for Malted Vinyl, 316 East Mitchell Street and to discuss 2023 façade improvement grants; reviewed project status updates and that Bridge Street reconstruct project will begin April 3, weather permitting and residents have been notified; that improvements at Mitchell Street and US-31 for the downtown gateway will begin next week; and congratulated City Clerk Sarah Bek on her recent achievement through Michigan Association of Municipal Clerks and receiving the Michigan Professional Municipal Clerk designation.

Councilmembers inquired if there were any cement step situations in the right-of-way in regards to the upcoming Bridge Street reconstruct project and how they were being handled; that the church on Bridge Street sold and staff has well-informed the new owners of the church; inquired if there will be more sidewalks; and if the proposed adjacent project to gateway improvements has been considered.

The Public Works Director responded that there are four cement step situations in the right-of-way and staff has discussed with property owners and there are no issues; that there will be the same amount of sidewalks, but more continuous by Riverview Terrace by guardrail and continuous sidewalk from Franklin to Riverview Terrace; that there will be a lot of crews on the Bridge Street reconstruction removing and reinstalling in a small area; and that staff reached out to developer and architect of proposed project adjacent to the gateway project and they are unsure of timeline to proceed and discussed grades and that sidewalk could be jeopardized if adjacent project proceeds; and that the DMB has been the driver of the gateway project.

## **First Discussion of Proposed Ethics Ordinance**

The City Manager reviewed that at the March 6, 2023 meeting, Council reviewed a proposed ordinance creating a code of ethics for every City employee, elected and appointed officials; that the City Attorney drafted the ethics ordinance after receiving input from Council at their March 6 work session; and that this was the first discussion and a second reading would be at the April 17 meeting for possible adoption.

Councilmembers thanked the City Attorney for incorporating comments from the last meeting; that the last sentence in Section 26-3 is too broad of a statement; that Section 26-5(b) is linked to 26-8(a) and should be reviewed; heard concerns on City Attorney bills; inquired on process and if Councilmembers should reach out to the City Manager prior to contacting the City Attorney; and discussed Section 26-9 and heard from those in favor of requiring each public servant to sign ethics ordinance.

City Council will review the revised draft ordinance at the next regular scheduled meeting.

**Approve 2023-2025 City Action Plan – Resolution No. 23-24**

The City Manager reviewed that Council previously discussed an updated Action Plan for 2023-2025 and that per Council's direction, staff developed a final draft revision for possible adoption.

Councilmembers commented that the plan should be discussed and reviewed regularly; discussed combining and revising the first two bullet points under Downtown Development; discussed adding certain key team members to a few priorities including Planning Commission and potentially a Community Art Commission; concurred to remove contracted partners such as NLEA and Housing North from key team members; thanked staff for condensing plan; heard from those in favor of adding a bullet point under sustainability and exploring development of a sustainability commission; heard from those in favor of working on proposed priorities before adding more; heard from those that believe the City relies too much on MPPA rather than local support to obtain sustainable goals; heard from those sensitive of staff's time and creating a new commission may not be attainable, but to explore down the road; and heard from those in favor of grass roots efforts to do more for circular economy.

Councilmember Wagner moved that, seconded by Councilmember Shiels to adopt the following resolution with the above proposed changes:

WHEREAS, City Council has discussed an updated Action Plan to assist in focusing efforts on important issues and priorities facing the City of Petoskey; and

WHEREAS, as part of this discussion, the City Council, City Manager and Department Heads developed a draft Action Plan that listed seven near-term goals for the City of Petoskey for 2023-2025; and

WHEREAS, final comments on the draft Action Plan were considered by City Council at the March 20, 2023 meeting:

NOW, THEREFORE, BE IT RESOLVED that the City Council does hereby approve the 2023-2025 Action Plan for the City of Petoskey.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

**Approve Grant Agreement for Winter Sports Park Improvements – Resolution No. 23-25**

The City Manager reviewed that the Michigan Department of Environment, Great Lakes and Energy (EGLE) offered a grant opportunity through their Community Energy Management Program for projects focusing on energy efficiency; that the City applied for funding of \$20,000 to assist with the replacement of the entry doors and building window replacement project at the Winter Sports Park with no required match; and that improvements are identified in the 2023 Capital Improvements Plan and \$75,000 is earmarked in the 2023 budget.

Councilmembers inquired if budgeted funds will need to be used or grant will offset and the City Manager responded that the City may not need to expend the full budgeted amount.

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

WHEREAS, the City of Petoskey City Council desires to enhance and improve current City infrastructure; and

WHEREAS, the improvements at the Winter Sports Park would include replacement of the lower windows of the main floor in the lodge and entry door that includes handicapped accessible openers; and

WHEREAS, this project is identified in the 2023-2027 City of Petoskey's Parks and Recreation Master Plan, and the Capital Needs Assessment; and

WHEREAS, the State of Michigan Department of Environment, Great Lakes, And Energy (EGLE), through their Community Energy Management Grant Program, has recommended this project for funding assistance; and

WHEREAS, no match is required however the City of Petoskey has funds budgeted, toward these improvements which are estimated at \$75,000:

NOW, THERFORE, BE IT RESOLVED, the City of Petoskey does hereby accept the terms of the Agreement as received from the Michigan Department of Environment, Great Lakes, And Energy, and that the City of Petoskey does hereby specifically agree, but not by way of limitation, to authorize the City Manager, or his designee, to serve as the City of Petoskey's representative for the project.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

**Authorize Submission of an EGLE Brownfield Grant and Loan for 1420 Standish Avenue – Resolution No. 23-26**

The City Manager reviewed that the Michigan Department of Environment, Great Lakes, and Energy (EGLE) provides Brownfield Grants and Loans to municipalities for environmental response activities, abatement and demolition to support private redevelopment projects; that the redevelopment of the former Michigan Maple Block property will require significant Brownfield expenses and the EGLE no-match grant and loan will provide important funding and reduce the burden on future Brownfield Tax Increment Financing capture; that Great Lakes Capital has a purchase agreement for the former Michigan Maple Block property and has proposed a mixed-use commercial residential project with over 200 units which will include workforce housing with an estimated investment of over \$70M; that Phase II environmental investigations identified that the development will require extraordinary environmental costs; that the grant and loan will provide direct funding to cover these extraordinary costs which has favorable terms to combine with a Brownfield Plan for TIF capture for repayment, no principal or interest for the first five years and low interest (1.5%) for the next ten years; that this type of program has not been used before by the City; and that Mac McClelland was present and working directly for the developer and recused self from the Emmet County Brownfield Authority.

Mr. McClelland reviewed that this program is a two-part process, submittal of an EGLE Grant Loan Proposal that details the proposed project, property conditions and proposed Brownfield Eligible Activities; and if the proposal is accepted, funds are set aside and an application is submitted, with access agreements, a development agreement, letter from the CEO and resolution by Council; reviewed risk; that the loan would be secured by Great Lakes Capital through a contractual obligation and personal guarantees in the development agreement; and the developer is obligated to pay.

Councilmembers inquired on the loan amount and personal guarantees; heard from those in support of grant and project; heard concerns of the City carrying the full risk of \$1M loan; inquired if there were local entities that could be guarantor; and inquired if the developer actually needed the \$1M to proceed with project.

Mr. McClelland responded that the maximum loan amount is \$1M; that personal guarantees would not have to be dispersed until TIF revenues available; that the City can approve grant, but not the loan; that there would be no principal or interest for 10 years and then capture in 5 years for a total of 15 years; that Emmet County and Emmet County Brownfield Authority were not interested in being guarantors; that a more global picture will be provided at a later date; that the developer may have financing, but the low interest for many years is attractive financing; and protections for the City could be added in the development agreement.

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

WHEREAS, Michigan Department of Environment, Great Lakes, and Energy (EGLE) provides Brownfield Grants and Loan to municipalities for environmental response activities, abatement, and demolition to support private redevelopment projects; and

WHEREAS, Great Lakes Capital has a purchase agreement for the former Michigan Maple Block property and has proposed a mixed-use commercial residential project with over 200 units which will include workforce housing with an estimated investment of over \$70 million; and

WHEREAS, Phase II environmental investigations confirmed contaminated soils which will require extraordinary environmental costs, including the installation of a sub slab vapor mitigation system, disposal of contaminated soil and groundwater, and special foundations due to impacted historic fill; and

WHEREAS, the EGLE Brownfield Grant will provide up to \$1.0 million per project to cover demolition and environmental costs associated for the project with no match requirement; and

WHEREAS, EGLE Brownfield also offers a \$1.0 million loan per project that can be combined with a Brownfield Plan for TIF capture for repayment – no principal or interest for the first five years and low interest (1.5%) for the next ten years. The Loan would be secured by Great Lakes Capital through a contractual obligation and personal guarantees in the Development Agreement. In addition, there is an option to release Loan funds only when the development TIF revenues are assured to repay the Loan:

NOW THEREFORE BE IT RESOLVED, that the Petoskey City Council by this action hereby supports the submission of an EGLE Brownfield Grant up to \$1.0 million for the MI Maple Block Project and authorizes the City Manager to execute the proposal on behalf of the City; and

NOW, THEREFORE BE IT FURTHER RESOLVED, that the Petoskey City Council by this action hereby accepts the submission of a proposal for an EGLE Brownfield Loan for up to \$1.0 million that can be combined with a Brownfield Plan for TIF capture for repayment – no principal or interest for the first five years and low interest (1.5%) for the next ten years. The loan would be secured by Great Lakes Capital through a contractual obligation and personal guarantees in the Development Agreement. In addition, there is an option to release Loan funds only when the development TIF revenues are assured to repay the Loan.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

**Support City Park Grill Rental Rehab Initiatives – Resolution No. 23-27**

The City Manager reviewed that staff has been working with the ownership group of City Park Grill in preparing documents for the \$531,790 CDBG grant; that these funds will be utilized to assist in the creation of five new second floor residential units above City Park Grill at 432 East Lake Street and would include any third party administration costs; that there was one bidder that came in around \$230,000 over budget; that this is not a tax incentive project at this point; that the ownership group is asking for potential assistance from the City in helping move this project forward; and that ARPA funds could be considered or partner with the Petoskey-Harbor Springs Area Community Foundation.

Bob Keedy, City Park Grill owner, thanked staff for all of the work on this project thus far; reviewed that the cost of the project is around \$230,000 higher than expected; that the grant is significant, but doesn't cover all expenses; that bank financing interest is high and looking for anything available to make project viable such as an estimated amount of \$50,000 from the City, but not looking for a loan.

John Plichta, J.R. Construction Building & Design LLC, reviewed costs for sprinkler system, tap-in fees and surety bond; that he reduced costs by 7% to make project viable; that the project could have a mixture of public and private partnership; and project meets the need for affordable housing.

Councilmembers supported the proposed project; discussed using ARPA funds; heard from those that need more information on specific use of ARPA funds before voting on matter; inquired if the City could require a deed restriction for year-round housing; inquired if matching funds have been explored from a non-profit; and if it is typical to only receive one bid.

The City Manager responded that the City does not have to provide funds immediately, but looking for Council support and commitment to the project since the documents have to be submitted by March 24 and that he will look in to uses of ARPA 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 CDBG Rental Rehabilitation Grant is \$531,790 with \$393,329 private for a total estimated project cost of \$925,119; and

WHEREAS, one bid received by JR Construction Building and Design of Petoskey on February 28, 2023 at \$1,154,679.00. The City is the applicant and will facilitate the project by receiving grant funds and paying contractor and project expenses; and

WHEREAS, the ownership group desires to discuss any potential City assistance in helping move this project forward to accomplish adding 5 new affordable/workforce housing units in Downtown:

NOW THEREFORE BE IT RESOLVED, that the City of Petoskey City Council after discussing the project and details with City staff and the ownership group supports the project and commits up to \$50,000 to provide year-round workforce housing at 80-120% at a minimum duration of five years for three units.

Said resolution was adopted by the following vote:

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

NAYS: DeMoore (1)

### **Council Comments**

Mayor Murphy asked for Council comments and Councilmember Wagner reported that there will be an allergy-free Easter egg hunt at 9am, April 1 at the Petoskey District Library and is excited it came to fruition after initially discussing during the COVID-19 pandemic. Councilmember Shiels expressed gratitude for all leaders of the City at all levels including City staff, elected officials, appointed officials and residents. Councilmember DeMoore provided Councilmembers with draft revisions to Open Meetings Act (OMA) reviewing that Section 3b allows remote public attendance and looking for any input and encouraged City Council to move forward on an incentives policy which will be helpful as a framework and to meet deadlines. Mayor Murphy attended the Nicolet Bank ribbon cutting ceremony, was asked to be a contest judge for Independence Village, met with Curtis Park area residents on housing, trees and other matters; and will consider Petoskey to be a Monarch City as requested by the Parks and Recreation Director.

There being no further business to come before the City Council, this March 20, 2023, meeting of the City Council adjourned at 9:46 P.M.

John Murphy, Mayor

Sarah Bek, City Clerk