



CITY COUNCIL

November 5, 2018

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, November 5, 2018. 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
Kate Marshall, City Councilmember
Izzy Lyman, City Councilmember
Grant Dittmar, City Councilmember
Jeremy Wills, City Councilmember

Absent: None

Also in attendance were City Manager Robert Straebel, Clerk-Treasurer Alan Terry and Downtown Director Becky Goodman.

Consent Agenda - Resolution No. 19230

Following introduction of the consent agenda for this meeting of November 5, 2018, City Councilmember Dittmar moved that, seconded by City Councilmember Marshall adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the October 15, 2018 regular session City Council meeting 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 15, for contract and vendor claims at \$898,271.38 intergovernmental claims at \$12,684.39, and the October 18 and November 1 payrolls at \$385,328.03, for a total of \$1,296,283.80 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)
NAYS: None (0)

Public Comment

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

City Manager Updates

The City Manager reported that the Department of Environmental Quality (DEQ) recently tested the City's water supply for PFAS contaminants and there was no detection in the City's water supply; that the downtown bathroom improvement project began and port-a-potties are in place for public usage; that DPW crews have begun leaf pick-up throughout the community; that the City Planner, Director of Parks and Recreation and Account Clerk attended the first of three energy efficiency workshops sponsored by the C.S. Mott Foundation in partnership with northern Michigan community foundations and facilitated by SEEDS; that staff is meeting with representatives from Groundwork Center this week to discuss possible sites for a solar demonstration project;

that City employees are in open enrollment for health insurance for 2019 and Blue Cross premiums were substantially less than the current provider, Priority Health, and employees have elected to make the change to Blue Cross; and that City Hall masonry work is completed and a final report from architect Rick Neumann is forthcoming.

City Councilmembers inquired if the \$60,000 grant from foundation includes the solar project and if a school property has been considered as a potential location. The City Manager responded that school property has been considered.

Confirm Special Assessment Roll & Schedule Public Hearing – Resolution No. 19231

The City Manager reported that, following City Code provisions that regulated the City's special-assessment procedure, the City Council on October 15 conducted a public hearing, and received no comments concerning a September 21 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 2019. Such revenues and expenditures have been included within the City's proposed 2019 Annual Budget. Following the October 15 public hearing, the City Council, again in accordance with City Code special-assessment procedures, conditionally approved the proposed programs and services and their costs as they had been presented, established boundaries of the special-assessment district, and requested that an assessment roll be prepared by City staff and presented to the City Council for its review at the November 5 City Council meeting.

The City Manager reported that the City Council had been provided a proposed special-assessment roll based upon the Downtown Management Board's September 18 recommendation that the same special-assessment formula that had been used last year for financing downtown-area programs and services again be used, with \$0.16 being the amount that would be assessed per square foot of useable, first-floor, non-residential building area; \$0.04 being charged useable, non-residential area on floors other than the first floor; and vacant, unimproved lots being charged \$0.05 per square foot for lot area. To meet City Code requirements, the City Council was being asked to adopt a proposed resolution that would confirm the City Council's acceptance of the roll, order that the roll be placed on file at the City Hall for inspection, and schedule a public hearing for 7:00 P.M., Monday, November 19, to receive comments concerning this proposed special assessment.

City Councilmember Dittmar moved that, seconded by City Councilmember Wills adoption of the following resolution:

WHEREAS, at its regular meeting of October 1, 2018, the City Council reviewed a report by the City Manager dated September 21, 2018, 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 2019; and

WHEREAS, following that review, the City Council on October 1, 2018, scheduled a public hearing for October 15, 2018, 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 15, 2018, approved proposed programs and services as recommended by the Downtown Management Board at their September 18, 2018 meeting and costs as estimated by the Management Board to be assessed eligible property owners within the boundaries of the proposed assessment district at the same rate as 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, the City Council directed the City staff to prepare a special-assessment roll in accordance with the City Council's approval of recommended programs and services and costs of such programs and services for presentation to the City Council at its meeting of November 5, 2018; and

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

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

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

BE IT FURTHER RESOLVED that the City Council does and hereby schedules a public hearing for 7:00 P.M., Monday, November 19, 2018, to receive comments concerning this proposed special-assessment roll; and

BE IT FURTHER RESOLVED that the City Council does and hereby directs the City staff to publish a notice of the November 19, 2018, public hearing and notify potentially-affected property owners of said public hearing as required by City Code provisions that regulate the City's special-assessment procedures.

Said resolution was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)

NAYS: None (0)

Authorize Tree Trimming Service Contract – Resolution No. 19232

The City Manager reviewed that DPW staff prepared three-year-long contract specifications for routine maintenance pruning of trees, trimming of trees to provide clearance for overhead power lines and for trimming and cleanup activities following storm events. The present three-year contract held by Asplundh Tree Expert Co., Mt. Pleasant, expires December 1 and the current hourly rate is \$123.50 per hour. DPW staff recommended that City Council authorize contracting with Asplundh Tree Expert, LLC, Mt. Pleasant, for \$154.45 per hour.

City Councilmember Wills then moved that, seconded by City Councilmember Marshall to authorize contracting with Asplundh Tree Expert, LLC, Mt. Pleasant, for tree-trimming services at an hourly rate of \$154.45.

Said motion was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)

NAYS: None (0)

Authorize Tree Removal Contract – Resolution No. 19233

The City Manager reviewed that DPW staff prepared three-year-long contract specifications for removal and disposal of trees and grinding of stumps. The present three-year contract held by Willcome Tree Service, a division of Drost Landscape, Petoskey, expires December 1, current costs average \$295 per tree and \$62 per stump, when required. DPW staff recommended that City Council authorize contracting with Drost Landscape, Petoskey, for an average per-tree removal cost of \$307 and stump-unit cost of \$85.

City Councilmembers inquired on how the average is decided.

Mayor Murphy asked for public comments and heard a comment commending the low bids since bids for private residences are usually much higher.

City Councilmember Lyman moved that, seconded by City Councilmember Marshall to authorize contracting with Drost Landscape, Petoskey, for an average per-tree removal cost of \$307 and stump-unit cost of \$85.

Said motion was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)

NAYS: None (0)

Authorize Brush Chipping and Disposal Contract – Resolution No. 19234

The City Manager then reviewed that the City's current chipping and disposing of brush and tree limbs program provides services city-wide two times monthly beginning in April and continuing through November. In September of 2015, the City entered into a three-year-long contract with Jim Hoffman's Sons, Petoskey, for chipping and disposal of brush and tree limbs for an hourly rate of \$88 per hour for 2016, \$89 per hour for 2017 and \$90 per hour for 2018. 5H Irrigation and Maintenance, Petoskey, previously performed brush chipping and disposal services when it took over the contract from Jim Hoffman's Sons, Inc., in 2015 when the company divided into two new entities. DPW staff recommended that City Council authorize contracting with 5H Irrigation and Maintenance, Petoskey, for these services at \$85 per hour.

City Councilmember Marshall then moved that, seconded by City Councilmember Lyman to authorize contracting with 5H Irrigation and Maintenance, Petoskey, for chipping and disposing of brush and tree limbs at an hourly rate of \$85.

Said motion was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)

NAYS: None (0)

Initiate Rezoning Process of 200 East Lake Street Property – Resolution No. 19235

The City Manager reviewed that the Circuit Court for Emmet County entered a Final Judgement on October 25, 2018; that the Court declared the rights of the parties regarding the former Petoskey Pointe Property (currently known as 200 East Lake Street); that the Judgement declared the Development Agreement and PUD Agreement for the Petoskey Pointe Project were terminated; and that with this action, the City is not precluded from rezoning the property. The City Manager further reviewed that City staff was asking for direction from City Council to its intent regarding the zoning classification; that a draft ordinance was presented that would rezone the property to B-2 Central Business District, making the zoning compatible with the remainder of downtown; and that if Council has a desire to rezone the property, it is necessary to proceed consistent with the Michigan Zoning Enabling Act, to have the Planning Commission review before the ordinance amendment comes back to City Council.

City Councilmembers discussed the rezoning process and draft ordinance.

Mayor Murphy asked for public comments and heard from the new owner of the 200 East Lake Street property and that he has a passion for the City and is looking forward to a fresh start; and also heard public comments that the outcome presents an opportunity for Planning Commission to reconsider zoning for parcel; that it is beneficial to preserve the history of the property; and that if building is destroyed then owner has to rebuild under current code.

City Councilmember Marshall moved that, seconded by City Councilmember Dittmar adoption of the following resolution:

WHEREAS, the City of Petoskey commenced a declaratory action in Emmet County Circuit Court under Case No.18-106248-CK to declare the rights, responsibilities and interests of the City and the owner of the property commonly known as 200 East Lake Street and formerly known as Petoskey Pointe (the "Property"); and

WHEREAS, the Circuit Court issued its Final Judgment dated October 25, 2018 declaring, among other things, that the PUD Agreement was terminated and that the City was free to rezone the Property; and

WHEREAS, the City of Petoskey Master Plan has a goal of maintaining and enhancing downtown Petoskey as the regional economic and cultural center of the community; and

WHEREAS, the character of Downtown Petoskey as a dense, mixed-use district is essential to its success at meeting this goal; and

WHEREAS, the Central Business District has standards to ensure that future redevelopment is compatible with the form and character of existing structures and uses that are dense and mixed-use; and

WHEREAS, the property is at the gateway to Downtown Petoskey; and

WHEREAS, the Property had been rezoned to Planned Unit Development (PUD) subject to the provisions of a PUD Agreement through Ordinance 692; and

WHEREAS, rezoning the Property to B-2 Central Business District at this time will ensure that its redevelopment will enhance Downtown Petoskey as the regional economic and cultural center of the community:

NOW THEREFORE, BE IT RESOLVED that the City Council, consistent with the provisions of the Michigan Zoning Enabling Act and the City Charter, hereby initiates the process of rezoning the Property commonly known as 200 East Lake Street to B-2 Central Business District.

Said resolution was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)

NAYS: None (0)

2019 Annual Budget Presentation and Schedule Public Hearing – Resolution No. 19236

The City Manager reported that as required of City Charter provisions, and as part of the City's routine, yearly process, City Council had been presented with the City's proposed 2019 Annual Budget as part of November 5 meeting-agenda materials, that totaled \$29,805,000 in proposed operating and capital expenditures; and that, except to acknowledge its receipt, no action concerning the proposed budget now would be required of City Council, but that, in addition to the City Manager's summary of the proposal, City Council could begin discussions on the proposed budget.

The City Manager also reported that, as the first step in the budget-preparation process, the City Council was being asked to acknowledge receipt of the budget proposal and to adopt a proposed resolution that would schedule a November 19 public hearing to receive comments concerning the proposed budget and property tax millage rates that would be recommended as part of the proposed budget; and that City Council could schedule the public hearing for any date that it chose, but that November 19 was suggested.

The City Manager provided an overview of 2018 accomplishments; reviewed a summary of the 2019 budget and that there were no new taxes and slight utility rate increases; reviewed 2019 capital outlay items and proposed 2019 MDOT US-31 highway project; reviewed future fire truck funding and purchases; reviewed the City's status concerning MERS unfunded accrued liability; and reviewed fund by fund highlights of projects, fund balances and operating revenue and expenses.

Mayor Murphy asked for public comments and heard inquires on who was getting paid for expenses involving the Odawa lawsuit; that it is imperative not to lose parking on Lewis Street as part of the MDOT project; and that MDOT should look into tree trimming and landscaping as part of their highway project.

City Councilmember Marshall moved that, seconded by City Councilmember Dittmar adoption of the following resolution:

WHEREAS, as required by City Charter provisions, the City Manager has presented for the City Council's consideration the City's recommended budget for fiscal 2019; and

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

WHEREAS, this proposed budget includes certain recommendations by the City Manager concerning the amounts of property-tax millage to be levied to partially finance City operations, programs, services, and projects during 2019; 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 that the City of Petoskey City Council does and hereby schedules a public hearing for 7:00 P.M., Monday, November 19, 2018, at the City Hall, to receive comments concerning the City's proposed 2019 Annual Budget and property-tax-millage rates that will be recommended to be levied during 2019 as part of the proposed budget.

Said resolution was adopted by the following vote:

AYES: Marshall, Lyman, Dittmar, Wills, Murphy (5)

NAYS: None (0)

Discuss Proposed 2019 City-wide Rates and Charges

The City Manager reviewed that as part of the budgetary approval process each year, City Council reviews and approves City-wide rates and charges for various City services, planning review costs, applications and permits. According to State law, rates and charges for review of permits and issuance of licenses should be calculated based upon actual costs to the municipality. City staff revised some of the rates and charges to more accurately depict actual costs to the City.

The City Manager further reviewed proposed changes to rates in charges; that the Office of City Planner charges have not been revised in over 8 years and many developers have commented that the City's fees are low in comparison to other northern Michigan communities; that two types of Redevelopment Liquor licenses and also Outdoor Beverage and Food Service charges have been increased to account for more staff time needed in approving the licenses; that within the Parks and Recreation Department, Magnus Park daily charges have been increased by \$2 per day for peak season in July and August, with monthly rates also increased due to the high demand in prime summer months; and that a special event application fee has been added to cover Parks and Recreation costs for events that are not listed on Park Reservation Fees for Gazebos, Shelters and Special Areas.

City Councilmembers discussed proposed rates and charges; concurred to increase Magnus Park rates and agreed to a \$35 electric rate and \$40 full hookup rate; and heard a concern that new business registration fees were too high and agreed to lower it to \$50.

The City Manager reported that a final 2019 City-wide rates and charges schedule will be included and discussed for possible adoption at the next City Council meeting.

Council Comments

Mayor Murphy asked for Council comments and City Councilmember Wills commented that it was positive for the community that PFAS was not detected and that the bike trail near waterfall is a choke point. Councilmember Lyman commented that the \$5,000 payment towards SANE is beneficial from the City. Mayor Murphy reminded the audience to vote in tomorrow's General Election.

There being no further business to come before the City Council, this November 5, 2018, meeting of the City Council adjourned at 9:15 P.M.

John Murphy, Mayor

Alan Terry, Clerk-Treasurer