



## CITY COUNCIL

November 19, 2018

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, November 19, 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.

### **Special Assessment Roll Public Hearing**

A public hearing was held to receive comments on the proposed special assessment roll that would spread costs of downtown area programs and services during 2019, as requested by the Downtown Management Board. The DMB's recommended assessment formula is the same rate as last year of \$0.16 per square foot of usable, first-floor space within eligible, non-residential buildings located in the Management Board's territory as the assessment district; \$0.04 per square foot of usable space on floors other than the first floor; and \$0.05 per square foot of area on vacant, buildable lots.

Mayor Murphy opened the public hearing at 7:02 P.M. and there were no public comments and the hearing closed.

### **Budget and Tax-Levy Public Hearing**

A public hearing was held to receive comments concerning the City's proposed 2019 Annual Budget and recommended property tax millage rates for 2019. The City's proposed 2019 Annual Budget was initially presented and discussed at the November 5 City Council meeting. At the November 5 meeting, a public hearing was scheduled for November 19, as required by City Charter and State statute provisions, to receive comments about the recommended budget and property tax millage rates that have been proposed as part of the budget recommendation. (Actual millage rates would be set in 2019.) City Charter provisions require the City Council to conduct public hearings each year to receive comments concerning annual budget proposals and provisions of the Michigan Truth-in-Taxation Act require governing boards of local units of government to conduct annual public hearings prior to establishing property tax millage rates, if estimated amounts of revenues that would be produced by property tax levies are anticipated to exceed amounts in the new year that had been received from levies during the previous year. The November 19 public hearing would satisfy City Charter requirements and meet provisions of the Michigan Truth-in-Taxation Act that require opportunities for comments concerning proposed estimated amounts of property tax millage rates for the General, Rights-of-Way and Library Funds, though actual millage rates would be established by the City Council in May or June, following the State's equalization of values.

Mayor Murphy opened the public hearing at 7:04 P.M. and there were no public comments and the hearing closed.

**Consent Agenda - Resolution No. 19237**

Following introduction of the consent agenda for this meeting of November 19, 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 November 5, 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 November 5, for contract and vendor claims at \$484,033.33 intergovernmental claims at \$0, and the November 15 payroll at \$188,693.92, for a total of \$672,727.25 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 reviewed nonconforming use ordinance, specifically Section 1702(4)b pertaining to nonconforming structures to address an inquiry from the last Council meeting; reported that Amanda Rentjes from the Michigan Historic Preservation Network (MHPN) will give a brief presentation at the January 21, 2019 Council meeting about the creation of a local historic district and that DMB was invited to attend; reviewed Carnegie Building and Petoskey District Library building ownership and that the City transferred title of the Carnegie Building and all its assets to the District Library; that there is a deed restriction for the Carnegie Building stating the building shall forever be used as a free public library and for no other purpose; and that the title to the current Petoskey Library Building will be transferred to the District Library upon retirement of the bonds (2028) that were used to construct the building; reviewed that the Rotary Club recently awarded the City two grants one for \$20,000 to go toward purchase and installation of a bridge over the Bear River for the Iron Belle/North Country Trail and a \$15,000 grant towards the construction of pickle ball courts at Riverbend Park; that final leaf pickup is scheduled for the week of November 26 dependent upon the weather; that the City recently received copies of a Resiliency Plan for governments in the Little Traverse Bay Watershed which was developed by the Tip of the Mitt Watershed Council with funding for the project from the Petoskey-Harbor Springs Area Community Foundation; reviewed that Proposal 18-1 concerning recreational marijuana was approved at the November 6 election and that the City Attorney stated there is no rush to consider opting out at this point as the State has 12 months to promulgate new regulations before any applications for marijuana businesses are accepted; reviewed that the DMB will meet tomorrow to consider recommendations from the Parking Committee to change parking meter rates/tiered parking fees, fines and late fees which will be discussed at a future Council meeting in December; and reviewed the status of the downtown bathroom renovation project.

Mayor Murphy asked for public comments and heard from Diana Lake, 1400 N. Division Road, who opposes Senate Bill 1197 and is part of the Mackinaw Straits Alliance and that the Mackinac Bridge Authority would run the tunnel. Nathan Bedler, Marion, Michigan, commented on medical marijuana and urged the City to opt into medical marijuana along with recreational marijuana.

**Confirm Special Assessment Roll – Resolution No. 19238**

The City Manager reviewed the proposed special assessment roll, programs and services and rates for 2019. No comments were received during the public hearing earlier in the meeting.

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

WHEREAS, the City Council on October 1, 2018, reviewed a report of September 21, 2018, that had been prepared by the City Manager that listed programs and services that had been proposed to be provided property owners and tenants within the Downtown Management Board's territory along with the proposed special-assessment roll that could be implemented to finance such programs and services; and

WHEREAS, following that review, the City Council conducted a public hearing on October 15, 2018, to receive comments concerning recommended programs and services as proposed 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, after having received no comments at its October 15 public hearing, the City Council then approved the programs and services as had been recommended by the Downtown Management Board, as well as approved the costs for such programs and services that had been estimated by the Downtown Management Board; and

WHEREAS, in addition to approving proposed downtown programs and services and costs of such programs and services, City Council directed 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 on November 5, 2018; and

WHEREAS, after receiving a proposed special-assessment roll, City Council accepted the assessment roll, ordered that it be placed on file with City staff and made available for inspection by the public, scheduled a public hearing for November 19, 2018, to receive comments concerning the proposed special-assessment roll, and directed City staff to publish a notice of the November 19, 2018 public hearing and to notify potentially affected property owners of said hearing; and

WHEREAS, the City Council conducted its November 19 public hearing and is satisfied with the assessment roll as prepared by the City staff and believes that assessments are in proportion to the benefits to be received:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby accepts the special-assessment roll as prepared by City staff and as presented to the City Council and is satisfied with the roll and believes that assessments are in proportion to the benefits to be received; and

BE IT FURTHER RESOLVED that City Council does and hereby confirms the special-assessment roll as prepared by City staff and as presented to City Council; and

BE IF FURTHER RESOLVED that the City Council does and hereby orders that a certified copy of said special-assessment roll be placed on file at the City Hall and that the staff be and is hereby directed to spread the assessments and collect the various sums and amounts that appear on said special-assessment roll.

Said resolution was adopted by the following vote:

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

**Approve 2019 Budget – Resolution No. 19239**

The City Manager reviewed that following a lengthy presentation at the November 5 City Council meeting concerning the City's proposed 2019 Annual Budget, City Council scheduled a public hearing for November 19 to receive comments concerning both the budget recommendation and property tax millage rates, which was conducted earlier in the meeting.

The City Manager further reviewed that there was one small revision to the Library Budget in which expenditures were increased to account for a planned software update purchase; that the new business registration fee was reduced from \$100 to \$50; and that Magnus Park fees were increased during peak summer months. City staff also reviewed personnel and fringe benefit costs and that the trend over the last five years is decreasing.

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

WHEREAS, as required of City Charter provisions, the City Manager has presented to the City of Petoskey City Council the City's proposed annual budget for 2019; and

WHEREAS, as also is required of City Charter provisions, the City Council on November 19, 2018, conducted a public hearing to receive comments concerning these proposed budgets for the City's various funds:

**General Fund**

January 1, 2019 Fund Balance	\$ 5,511,046
Revenues	<u>8,446,500</u>
Expenditures:	
General Governmental Services	1,738,800
Public Safety	3,446,000
Public Works	632,600
Recreation and Cultural	<u>2,612,800</u>
Total Expenditures	<u>8,430,200</u>
December 31, 2019 Fund Balance	\$ <u>5,527,346</u>

**Major Street Fund**

January 1, 2019 Fund Balance	\$ 1,036,953
Revenues	617,200
Expenditures	<u>798,700</u>
December 31, 2019 Fund Balance	\$ <u>855,453</u>

**Local Street Fund**

January 1, 2019 Fund Balance	\$ 563,462
Revenues	406,200
Expenditures	<u>339,800</u>
December 31, 2019 Fund Balance	\$ <u>629,862</u>

**General Street Fund**

January 1, 2019 Fund Balance	\$ 686,924
Revenues	1,653,600
Expenditures	<u>1,544,100</u>
December 31, 2019 Fund Balance	\$ <u>796,424</u>

**Tax Increment Finance Authority Fund**

January 1, 2019 Fund Balance	\$ 1,114,764
Revenues	369,500
Expenditures	<u>561,100</u>
December 31, 2019 Fund Balance	\$ <u>923,164</u>

**Library Fund**

January 1, 2019 Fund Balance	\$ 812,281
Revenues	1,432,900
Expenditures	<u>1,428,800</u>
December 31, 2019 Fund Balance	\$ <u>816,381</u>

**Downtown Management Fund**

January 1, 2019 Fund Balance	\$ 129,459
Revenues	169,700
Expenditures	<u>184,500</u>
December 31, 2019 Fund Balance	\$ <u>114,659</u>

**Downtown Parking Fund**

January 1, 2019 Retained Earnings	\$ 737,305
Revenues	537,200
Expenses	<u>781,500</u>
December 31, 2019 Retained Earnings	\$ <u>493,005</u>

**Right-of-Way Fund**

January 1, 2019 Fund Balance	\$ 484,317
Revenues	1,743,200
Expenditures	<u>1,602,000</u>
December 31, 2019 Fund Balance	\$ <u>625,517</u>

**Electric Fund**

January 1, 2019 Retained Earnings	\$ 25,102,042
Revenues	11,779,500
Expenses	<u>11,471,800</u>
December 31, 2019 Retained Earnings	\$ <u>25,409,742</u>

**Water and Sewer Fund**

January 1, 2019 Retained Earnings	\$ 24,921,324
Revenues	5,546,300
Expenses	<u>5,504,700</u>
December 31, 2019 Retained Earnings	\$ <u>24,962,924</u>

**Motor Pool Fund**

January 1, 2019 Retained Earnings	\$ 4,214,025
Revenues	1,052,900
Expenses	<u>973,900</u>
December 31, 2019 Retained Earnings	\$ <u>4,293,025</u>

**Building Authority Marina Improvements Bond Fund**

January 1, 2019 Fund Balance	\$ 25,261
Revenues	117,400
Expenditures	<u>117,300</u>
December 31, 2019 Fund Balance	\$ <u>25,361</u>

**Building Authority Bear River Valley Improvements Bond Fund**

January 1, 2019 Fund Balance	\$ 117,072
Revenues	231,500
Expenditures	<u>231,400</u>
December 31, 2019 Fund Balance	\$ <u>117,172</u>

WHEREAS, following the public hearing to receive comments concerning the proposed 2019 Annual Budget and its consideration of the proposed budget, the City Council wishes to approve the proposed budgets of these various City funds:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby approves the 2019 Annual Budget as presented by the City Manager and as summarized in this resolution; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to declare certain obsolete City owned personal property as surplus and to arrange for its sale or disposal; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to make adjustments among line item appropriations so long as the total expenditure budget for the assigned fund is not exceeded; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to negotiate with and establish certain rates for electric-utility customers as might be deemed appropriate in response to on-going utility-industry restructuring efforts; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to continue the City's participation in the various feasibility studies that are conducted by the Michigan Public Power Agency or to join in with other studies, service committees, or projects that would be established by the Agency, such as those related to power-supply issues, or those that would meet municipal electric-system needs; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to work with other municipally-owned electric utilities to study the feasibilities of satisfying short and long-term power-supply needs; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to work through Michigan Public Power Agency to identify and enter into power purchase agreements or transactions to satisfy power supply needs, consistent with the Energy Services Risk Management Policy as adopted by the City of Petoskey; and

BE IT FURTHER RESOLVED the rates and charges for services, fees, permits, licenses and the like and as listed in the City's Schedule of Rates and Charges and as attached to this resolution are approved and authorized to be charged and collected as applicable; and

BE IT FURTHER RESOLVED that the City Manager receives a 2% increase to his wage rate; and

BE IT FURTHER RESOLVED that the various parts, sections, and clauses of this resolution are hereby declared to be severable. If any part, sentence, paragraph, section, or clause is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of the resolution shall not be affected thereby.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

**Review MML Predevelopment Technical Assistance Work for the Darling Lot**

The City Manager reviewed that the City was recently certified as a Redevelopment Ready Community (RRC) through the Michigan Economic Development Corporation (MEDC) qualifying the City for free predevelopment technical assistance on one of three sites the City identified as a top redevelopment priority. Staff, MEDC and MML identified the Darling Lot as a prime location for redevelopment assistance.

The City Manager further reviewed the proposed scope of services including site visioning, potential market study, estimated costs and request for qualifications; that staff reiterated to MML consultants that any future development on the Darling Lot must comply with height limitations of no more than 40', a requirement in the Central Business District; that the overall approach directly addresses Goal Three of the City's adopted Action Plan, Diversify and Strengthen the City's Economic Base; that the predevelopment assistance will take place concurrent with the City's Master Plan revision process in 2019; that staff suggested postponing the study until late 2019 to see what develops at 200 East Lake Street property and parking proposal; and that the delay will not affect the study.

City Council discussed concerns about marketing throughout the State for a developer that may not understand or care about the community values.

**Council Comments**

Mayor Murphy asked for Council comments and City Councilmember Wills inquired if the letter opposing Senate Bill regarding short-term rentals would be mailed out to legislatures this week. City Councilmember Lyman commented that there is a citizen concerned with street conditions at the Jennings and Kalamazoo intersection. City Councilmember Marshall inquired if there are any new resources to use to make sidewalk plowing better in the winter.

There being no further business to come before the City Council, this November 19, 2018, meeting of the City Council adjourned at 8:05 P.M.

John Murphy, Mayor

Alan Terry, Clerk-Treasurer