



CITY COUNCIL

December 17, 2018

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, December 3, 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. 19242

Following introduction of the consent agenda for this meeting of December 17, 2018, City Councilmember Dittmar moved that, seconded by City Councilmember Lyman adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the December 3, 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 December 3, for contract and vendor claims at \$975,682.15 intergovernmental claims at \$178,728.52, and the December 13 payroll at \$300,372.99, for a total of \$1,454,783.66 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

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

Hear Public Comment

Mayor Murphy asked for public comments and William Cicciarelli, 448 Grove Street, commented that zoning restrictions aren't welcoming to newcomers and should be more friendly otherwise it makes renovating difficult, and asked if solar panels are installed and if there is a net metering program, which there is.

Hear City Manager Updates

The City Manager reviewed that there is a potential Lake Street Dam grant opportunity through the Great Lakes Fishery Trust with a deadline in February if Council was supportive; that staff recommended that both the Bear River and Bayfront Stair Towers remain closed during the winter months due to safety and liability concerns associated with the buildup of snow; that Dean Burns on behalf of the Burns Foundation donated \$2,000 to the Petoskey District Library and thanked him for his continued support of the library; that Construction Supervisor Bill LaCross will be retiring in January after 30 years of service with the City of Petoskey and that his replacement will be announced in early January; that the Michigan Natural Resource Trust Fund Board recommended grant funding in the amount of \$83,000 to pay for a portion of the construction and installation of the Iron Belle Bridge over the Bear River connecting the River Road Sports Complex with the NCMC nature trail; that the Planning Commission asked for a joint meeting with City Council in early 2019 to discuss fence regulations and Additional Dwelling Units (ADUs); that the downtown bathroom project is progressing and the structure should be fully enclosed by the end of this week; and that he will be on vacation during the holiday season and back in the office on January 2, 2019.

Councilmembers inquired if the bathrooms were open down by the waterfront and staff indicated that they were closed and not heated during the winter months.

Downtown Management Board Appointments – Resolution No. 19243-19244

Mayor Murphy reviewed that City Council consider possible reappointments to the Downtown Management Board.

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

BE IT RESOLVED that the City Council does and hereby approves the reappointment of Jessica Stubbs, 1234 Hazelton Avenue, to the Downtown Management Board for a four-year term ending December 2022.

Said resolution was adopted by the following vote:

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

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

BE IT RESOLVED that the City Council does and hereby approves the reappointment of Doug Buck, 822 Grove Street, to the Downtown Management Board for a four-year term ending December 2022.

Said resolution was adopted by the following vote:

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

Approve Downtown Parking Fees, Fines and Enforcement Hours – Resolution No. 19245

The City Manager reviewed that since the last City Council meeting, staff solicited public input on the proposed parking fee changes through the City’s website and the City Facebook page and received 23 emailed comments and reviewed Facebook statistics. The City Manager further reviewed the public comments and that the majority were opposed to the increase in fees; that the resolution states the additional revenues from increases in parking charges will largely go towards costs associated with construction and any financing of a downtown parking structure; and that staff believes a line item could be included in the 2020 Downtown Parking Fund-Reserve Fund for future parking structure to earmark additional revenues generated by increases in fees and fines.

City Councilmembers reviewed opinions that were both in favor and opposed to the increases; heard that the changes are not needed and City is taking a gamble; that citizens object in principle no matter the fee; and further discussed restricting fees for a parking structure and where a future parking structure might be built.

Mayor Murphy asked for public comments and heard from those in favor of changes to alleviate congestion issues; heard an inquiry on Traverse City's parking policy; inquiries on how visitors are informed of parking rates and policies; heard from those opposed to the increases; inquiries on what the real goal is by increasing fees; that staff isn't considering the local business impacts; that there needs to be more free parking; that restrictions on increased revenue is a positive and should be dedicated for a structure and not used on other expenses; heard a comment that gambling is to not do anything and expect things to change; that parking meters have been around for generations and don't hurt downtown business activity; that permit parking has been expanded to more lots; that providing parking for downtown employees is not the City's job, but rather employers; and that several downtown employees use parking lots and urge support to increase charges in order to draw people out of the CBD.

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

WHEREAS, the City of Petoskey's Downtown Management Board (DMB) serves as an advisory board to the Petoskey City Council on matters pertaining to the downtown business district including overseeing management of downtown parking issues; and

WHEREAS, in an advisory capacity to the DMB, the DMB Executive Parking Committee has met multiple times to discuss changes to downtown parking fees, fines and enforcement hours; and

WHEREAS, past parking studies commissioned by the DMB have shown that during the busy summer months there is a shortage of parking spaces within the downtown area and a need to increase the parking inventory through construction of a parking structure in the downtown development authority district; and

WHEREAS, if fees and fines are increased by City Council and the City Manager there will be additional revenues generated to help support the construction of a parking structure in the downtown development authority district; and

WHEREAS, the DMB strongly supports construction of a parking structure and has committed to using at least a majority of the additional revenues from increases in parking fees and fines to pay for costs associated with construction and financing a parking structure in the downtown development authority district; and

WHEREAS, at the November 27, 2018 DMB monthly meeting, board members approved a recommendation to City Council to approve revisions to parking fines, fees and enforcement hours effective in the second quarter of 2019.

WHEREAS, under City Code Chapter 21 Traffic and Motor Vehicles, Section 21-33 gives the City Council and City Manager broad authority to set parking rates for both metered and unmetered parking areas in the downtown area; and

WHEREAS, the City Council and City Manager have discussed this item at the December 3, 2018 and December 17, 2018 City Council meeting and approve changes to parking fees, fines and enforcement hours as recommended by the DMB at their November 27, 2018 meeting:

NOW THEREFORE, BE IT RESOLVED that the City of Petoskey approves the following parking fees, fines and enforcement hours:

1. Raise meter fees on Lake Street, Mitchell Street and Howard Street and in the Elk's Lot, Clifton Lot, and Saville Lot to \$1.00 an hour; on all other three hour meters to \$.50 an hour; and on all ten hour meters to \$.25 an hour.
2. Raise \$5 ticket fine to \$10.
3. Increase hours of enforcement by one hour from 5:00 P.M. to 6:00 P.M., Monday through Saturday.
4. Raise meter bag fees from \$5 to \$10 per day.
5. Increase monthly tiered permit fees:

Blue Permit (valid in blue permit areas only)	\$ 30
Green Permit (valid in green and blue areas only)	\$ 60
Yellow Permit (valid in all permit areas)	\$120

6. De-escalate late fees as follows:

8 days	add \$10
14 days	add \$30
30 days	add \$40
60 days	add \$60
90 days	add \$90

Said resolution was adopted by the following vote:

AYES: Marshall, Wills, Murphy (3)

NAYS: Lyman, Dittmar (2)

Approve Electric Utility Rates for Years 2019-2021 – Resolution No. 19246

The Director of Finance reviewed that at the December 3 meeting, Dawn Lund from Utility Financial Solutions (UFS) presented a summary of the electric cost of service study completed for the City; that UFS recommended adjusting rates charged to difference classes of users to more closely align customer classes with the City's actual cost of service; to annually increase electric rates between 2019-2021, the first such increases since 2014, to ensure that the Electric Division has adequate revenues to operate, maintain and replace infrastructure throughout the City's distribution system; and reviewed electric rate increases for both residential and commercial.

City Councilmembers commented that the City's rates are competitive.

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

WHEREAS, Chapter 22 of the City of Petoskey Code of Ordinances, § 22-83, provides that rates and charges for electric service in the City shall be established and changed by the City Council from time to time; and

WHEREAS, at its meeting of December 3, 2018, the City Council for the City of Petoskey was presented a summary of the electric cost of service to the City from Utility Financial Solutions (UFS) and received recommendations to adjust electric utility rates annually; and

WHEREAS, the last rate change for electrical service in the City of Petoskey was established by resolution of the City Council on April 10, 2010 providing for rate increases annually through 2014; and

WHEREAS, based on the summary presented to the City, the City now wishes to adopt the recommendations of UFS for electric rates:

NOW, THEREFORE, BE IT RESOLVED that the City Council for the City of Petoskey does and hereby approves the following resolution:

1. Electric Utility Rates. The rates for electric utility service in the City of Petoskey shall be as follows beginning with the January utility bill of each year:

CITY OF PETOSKEY
Electric Utility Rate Schedule

Electric Rate Class	Current	2019	2020	2021
Residential (RE) & (REM)				
Customer Charge - monthly	\$ 7.95	\$ 9.45	\$ 10.95	\$ 12.45
Energy Charge/ kWh:				
Winter Charge	\$ 0.08400	\$ 0.08461	\$ 0.08344	\$ 0.08229
Summer Charge	\$ 0.11250	\$ 0.11311	\$ 0.11194	\$ 0.11079
Commercial (Com)				
Customer Charge - monthly	\$ 17.00	\$ 19.00	\$ 21.00	\$ 23.00
Energy Charge/ kWh:				
Winter Charge	\$ 0.10250	\$ 0.10427	\$ 0.10478	\$ 0.10532
Summer Charge	\$ 0.11900	\$ 0.12077	\$ 0.12077	\$ 0.12077
School/City (Sch)				
Customer Charge - monthly	\$ 15.50	\$ 17.50	\$ 19.50	\$ 21.50
Energy Charge/ kWh:				
Winter Charge	\$ 0.10080	\$ 0.10290	\$ 0.10448	\$ 0.10610
Summer Charge	\$ 0.10880	\$ 0.11090	\$ 0.11090	\$ 0.11090
Medium Secondary Power (MSPR)				
Customer Charge - monthly	\$ 65.00	\$ 70.00	\$ 75.00	\$ 80.00
Energy Charge/ kWh:	\$ 0.05550	\$ 0.05664	\$ 0.05685	\$ 0.05706
Demand Charge/kW:				
Winter Demand	\$ 13.20	\$ 13.50	\$ 13.80	\$ 14.10
Summer Demand	\$ 14.30	\$ 14.60	\$ 14.90	\$ 15.20
Large Secondary Power (LSPR)				
Customer Charge - monthly	\$ 160.00	\$ 170.00	\$ 180.00	\$ 190.00
Energy Charge/ kWh:	\$ 0.05450	\$ 0.05466	\$ 0.05435	\$ 0.05404
Demand Charge/kW:				
Winter Demand	\$ 13.20	\$ 13.50	\$ 13.80	\$ 14.10
Summer Demand	\$ 14.35	\$ 15.10	\$ 15.40	\$ 15.70
Large Primary Power (LPPR)				
Customer Charge - monthly	\$ 120.00	\$ 140.00	\$ 160.00	\$ 180.00
Energy Charge/ kWh:	\$ 0.05720	\$ 0.05657	\$ 0.05584	\$ 0.05511
Demand Charge/kW:				
Winter Demand	\$ 13.10	\$ 13.40	\$ 13.70	\$ 14.00
Summer Demand	\$ 14.10	\$ 15.35	\$ 15.65	\$ 15.95
Yard Lighting (YL/OYL)				
Customer Charge - monthly				
175-250 Watt (YL)	\$ 7.08	\$ 7.24	\$ 7.32	\$ 7.39
400 Watt (YL)	\$ 11.23	\$ 11.49	\$ 11.60	\$ 11.72

Ornamental (OYL)	\$	12.20	\$	12.48	\$	12.61	\$	12.73
Ornamental - BV	\$	12.20	\$	12.48	\$	12.61	\$	12.73

Said resolution was adopted by the following vote:

AYES: Marshall, Dittmar, Wills, Murphy (4)

NAYS: Lyman (1)

Approve Water & Sewer Rates for Years 2019-2023 – Resolution No. 19247

The Director of Finance reviewed that the City last performed a water and sewer system rate study in 2010 and based on the results of the report passed a resolution to adjust water and sewer rates each year for the next four years with the last adjustment in 2014. Since the last rate study the City has paid off one bond issue, entered into a new bond issue and has experience a reduction in sewer use by a large customer, along with the regular changes that affect rates.

Vic Cooperwasser, representative of Tetra Tech, Ann Arbor, gave a brief presentation on the water and sewer rate study along with System Development Charges (SDC); reviewed water and sewer system’s costs, customer base, usage, franchise agreements and capital improvements; and further reviewed the methodology used in establishing utility rates along with City needs in meeting operating costs, bond debt requirements and capital improvements over the next five years.

The Director of Finance further reviewed that the study recommended an annual increase in charges for both water and sewer rates for the five-year period of 2019 through 2023, except for the water ready to serve charge in 2019; and that the rates will provide \$500,000 each year for ongoing capital improvement projects in both the water and sewer systems.

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

Councilmember Wills moved that, supported by Councilmember Marshall, the adoption of the following resolution:

WHEREAS, Section 22-68 of the Code of Ordinances of the City of Petoskey (the "Code") authorizes the City Council to establish water system and sanitary sewer system services charges from time to time by resolution; and

WHEREAS, the City engaged the services of Tetra Tech to perform a water system and sanitary sewer system rate study which recommended water and sewer billing charges, readiness-to-serve charges, commodity charges, extra strength sanitary sewer surcharges and system development charges (collectively, the "User Charges") for each of the next five fiscal years; and

WHEREAS, the City Council has determined to adopt such User Charges:

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. That the retail water system User Charges for water service both within and outside the City limits for each of the next five fiscal years of the City shall be as set forth on Exhibit A attached hereto.
2. That the retail sanitary sewer system User Charges for sanitary sewer service both within and outside the City limits for each of the next five fiscal years of the City shall be as set forth on Exhibit B attached hereto.
3. The User Charges set forth in Exhibits A and B shall be effective for bills issued to users as of the dates indicated in such Exhibits.

4. That all resolutions and parts of resolutions to the extent of any conflict herewith are hereby rescinded.

Said resolution was adopted by the following vote:

AYES: Marshall, Dittmar, Wills, Murphy (4)

NAYS: Lyman (1)

First Reading of Proposed Ordinance Rezoning 200 East Lake Street Property & Schedule Public Hearing – Resolution No. 19248

The City Manager reviewed that at its November 5, 2018 meeting, City Council initiated the process of rezoning the 200 East Lake Street property to B-2 Central Business District as a result of a Final Judgement being entered by the Emmet County Circuit Court in the lawsuit between the City and LCA Enterprises, LLC, which terminated the Development Agreement and PUD Agreement for the Petoskey Pointe Project. The Planning Commission held a public hearing to rezone the property to B-2 Central Business District on November 15 and scheduled another public hearing on the property rezoning at its December 13 meeting. As a zoning map amendment, this was a first reading of the proposed ordinance.

City Councilmember Marshall moved that, seconded by City Councilmember Lyman to schedule a public hearing for January 7, 2019 on the rezoning of 200 East Lake Street to B-2 Central Business District.

Said motion was adopted by the following vote:

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

NAYS: None (0)

Approve MDOT US-31 Project Agreement – Resolution No. 19249

The City Manager reviewed that the 2019 Annual Budget and Capital Improvements Plan included \$873,000 within the Water and Sewer Fund for water main and sanitary sewer system improvements, along with \$190,000 within the Electric Fund for street lighting and traffic signal upgrades associated with the MDOT 2019 US-31 Reconstruction Project. The City Manager also reviewed that MDOT recently bid the project establishing amounts for City participation with overall costs to the City being within budgeted amounts; that limits for the project include 1.3 miles of the US-31 corridor beginning at the Mitchell Street Bridge and continuing north to Bay View's main entrance at Fairview Avenue; and that planned upgrades and improvements include new pavements, curb and gutter installations, replacement of water and sanitary sewer mains and components, LED street lighting, traffic signal mast arm installations at MacDonald Drive and US-31 intersection, realignment of Lewis Street, retaining wall reconstruction along Bayfront Drive, sidewalk and bike path additions, landscaping and reconstruction of storm water drainage systems.

City Councilmembers inquired on the scope of the highway realignment.

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

WHEREAS, the City Council adopted the 2019 Annual Budget and Capital Improvement Plan 2019-2024 which included \$873,000 within the Water and Sewer Fund for water main and sanitary sewer system improvements, along with \$190,000 within the Electric Fund for street lighting and traffic signal upgrades associated with the Michigan Department of Transportation's (MDOT) 2019 US-31 Reconstruction Project; and

WHEREAS, limits for this project include 1.3 miles of the US-31 corridor beginning at the Mitchell Street Bridge and continuing north to Bay View's main entrance at Fairview Avenue; and

WHEREAS, MDOT has estimated this project at over \$11M dollars based on the scope of the work which includes shifting the alignment of the highway away from the bluff due to erosion issues; and

WHEREAS, planned upgrades and improvements as part of this project include new pavements, curb and gutter installations, replacement of water and sanitary sewer mains and components, LED street lighting, traffic signal mast arm installations at MacDonald Drive and US-31 intersection, realignment of Lewis Street, retaining wall reconstruction along Bayfront Drive, sidewalk and bike path additions, landscaping and reconstruction of storm water drainage systems; and

WHEREAS, the City Council authorizes to enter into a contract and maintenance agreements with MDOT for participating costs and fees associated with the project including water and sanitary sewer upgrades, installations and maintenance of traffic signal mast arms, storm sewer improvements, LED street lighting and any other necessary work as required; and

WHEREAS, the work under this contract would be performed by MDOT on behalf of the City of Petoskey as part of the 2019 US-31 Reconstruction Project:

NOW, THEREFORE BE IT RESOLVED that the Mayor and City Clerk are authorized to execute contract number 18-5351, Control Section NH 24011, Job Number 120219CON and 120219PE with MDOT, and take all other necessary steps to complete the US-31 Reconstruction Project.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Adopt 2018 Budget Amendments – Resolution No. 19250

The Director of Finance reviewed that at the end of each fiscal year, the City Council is routinely asked to formally adopt amendments to the Annual Budget. These amendments are necessitated by a variety of circumstances, and in many cases are administrative changes to formally reflect previously approved actions and priorities.

The Director of Finance reviewed that amendments to the Parks and Recreation portion of the General Fund budget is necessary due to exterior work performed on City Hall (\$60,000), increased costs for the downtown restroom construction (\$50,000) and increased marina gas sales (\$115,000), which is offset in increased revenues. The Library Fund adjustments are due to additional expenditures on building repair and maintenance for roof repairs to the Carnegie Building, gutters on the main building, along with an LED lighting project for a total of \$52,000; and contracted services also increased by \$13,800.

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

WHEREAS, at the close of the City's 2018 fiscal year, the City staff has determined that expenditures within two City funds are anticipated to differ from amounts that had been budgeted for:

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

	<u>Original</u>	<u>Amendment</u>	<u>Difference</u>
General Fund			
Expenditures:			
Parks and Recreation	<u>\$2,632,200</u>	<u>\$2,857,200</u>	<u>\$225,000</u>
Total General Fund	<u>\$8,414,400</u>	<u>\$8,639,400</u>	<u>\$225,000</u>
Library Fund			
Expenditures:			
Library	<u>\$1,406,800</u>	<u>\$1,492,000</u>	<u>\$ 85,200</u>

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Council Comments

Mayor Murphy presented a plaque to Councilmember Lyman thanking her for her past two years of public service and leadership to the City. Mayor Murphy also presented a plaque and framed picture to Councilmember Wills thanking him for the many years of service and leadership to the City of Petoskey as past Mayor and Councilmember. Councilmembers thanked each Councilmember for their service.

There being no further business to come before the City Council, this December 17, 2018, meeting of the City Council adjourned at 8:50 P.M.

John Murphy, Mayor

Alan Terry, Clerk-Treasurer