



CITY COUNCIL

March 4, 2019

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, March 4, 2019. 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
Suzanne Shumway, City Councilmember
Grant Dittmar, City Councilmember
Lindsey Walker, City Councilmember

Absent: None

Also in attendance were City Manager Robert Straebel, Clerk-Treasurer Alan Terry, City Planner Amy Tweeten, Parks and Recreation Director Kendall Klingelsmith, Downtown Director Becky Goodman and City Attorney James Murray.

Hear Presentation on Brownfield TIF Programs

The City Manager reviewed that Bob Berg, owner of 200 East Lake Street, plans to approach the Planning Commission with a conceptual development plan at the March 21 meeting and that Mr. Berg has stated he will be requesting City Council consider Brownfield Tax Increment Financing to pay for underground parking. This approach is consistent with the Redevelopment Ready Communities Economic Development Strategy for the site, and that the City is not obligated to approve a Brownfield TIF plan, but it may be the critical economic incentive piece to move the development forward.

Mac McClelland, Brownfield Redevelopment Manager, Otwell Mawby, gave a brief presentation on Brownfield TIF financing programs as requested by Council as a TIF proposal may be forthcoming for 200 East Lake Street. Mr. McClelland reviewed Brownfield redevelopment goals; how Brownfield Tax Increment financing programs work and captures taxes; reviewed Brownfield Act and that Brownfields are an effective economic development tool expanded to support investments in communities; reviewed changes in the Brownfield Act concerning eligible properties and activities; reviewed the Emmet County Brownfield Redevelopment Authority and approved projects; reviewed the benefits and opportunity for 200 East Lake Street; that the Library is not exempt from Brownfield TIF; that he is paid by the Emmet County Brownfield Redevelopment Authority; and that developers reimburse these costs to the Authority.

City Councilmembers inquired on eligible properties and activities.

Consent Agenda - Resolution No. 19273

Following introduction of the consent agenda for this meeting of March 4, 2019, City Councilmember Dittmar moved that, seconded by City Councilmember Walker adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the February 18, 2019 regular session City Council meetings be and are hereby approved as revised and corrected; and

BE IT RESOLVED that receipt by the City Council of a report concerning all checks that had been issued since February 18, for contract and vendor claims at \$1,339,315.17 intergovernmental claims at \$18,229.72, and the February 21 payroll at \$198,105.16, for a total of \$1,555,650.05 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Dittmar, Walker, Murphy (5)

NAYS: None (0)

Hear Public Comment

Mayor Murphy asked for public comments and heard a comment that a Michigan State Police education officer could present to Council information on new, stronger marijuana; heard from those that listened to the webinar hosted by Plunkett Cooney last week on recreational marijuana; that the Planning Commission should conduct public meetings on where to allow medical marijuana facilities; that Council should opt out of recreational marijuana while Planning Commission researches locations; that Public Safety needs time to prepare for new businesses and regulations; heard comments on Emmet County Brownfield Redevelopment Authority meeting discussions and nontaxable properties; heard comments on marijuana benefits, health effects and the positive impact on people; inquiries on how decisions will need to be made on determining locations; heard from those opposed to allowing marijuana and that it is not a good funding resource for the City; that Colorado revenue has been much less than the costs along with social losses; citizens thanked the City for downtown restroom renovations and for the City hauling snow to Howard Road; heard an inquiry after reviewing minutes if Council wishes to have Planning Commission review zoning for medical and recreational marijuana; inquiries that since Council didn't opt out of recreational, shouldn't Council begin zoning recreational marijuana as well; heard a comment that there are three uses that don't require medical and once zoning is passed, it opens the door for recreational; and that the City Manager and City Attorney recommended opting out at the last meeting and Council decided to not opt out.

City Councilmembers responded that Council directed the Planning Commission to research zoning for medical marijuana only at this point; thanked Dr. Wills for the book concerning marijuana; reviewed information on Law Enforcement Against Prohibition (LEAP); and heard from those not looking to change position concerning marijuana.

The City Attorney reviewed minutes from the last Council meeting and that he and City staff would begin looking into zoning for recreational marijuana.

Hear City Manager Updates

The City Manager reviewed that staff submitted a grant application to the Petoskey Harbor Springs Area Community Foundation for \$6,000 for three energy audits to analyze both the Lake Street and Bay Harbor fire stations and the Hunt Roof Building on Curtis Avenue; that the Mott Foundation recently funded energy audits on both City Hall and the DPW building; that staff is currently working on details associated with a DNR Urban & Community Forestry Grant to complete a full tree inventory for the community with a deadline of early September; that the Department of Treasury and Michigan State University will be presenting half-day trainings covering best financial practices for fiscal and operational planning and if interested to contact City staff to register; reviewed downtown restroom updates and that the project is on schedule with a final completion date of May 1; that MDOT contractors continue to make progress on retaining wall along Bayfront Park; and that MDOT estimates detours will begin mid-March, weather dependent.

TIFA Appointment – Resolution No. 19274

Mayor Murphy reviewed that City Council consider a possible reappointment to TIFA.

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 Shirley Burns, 215 Division Street, to TIFA for a four-year term ending April 2023.

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Dittmar, Walker, Murphy (5)
NAYS: None (0)

ZBA Appointment – Resolution No. 19275

Mayor Murphy reviewed that City Council consider a possible reappointment to Zoning Board of Appeals.

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

BE IT RESOLVED that the City Council does and hereby approves the reappointment of Chris Hinrichs, 506 Elizabeth Street, to ZBA for a three-year term ending April 2022.

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Dittmar, Walker, Murphy (5)
NAYS: None (0)

First Reading of Proposed Ordinance Establishing a PILOT for Harbor Village Apartments

The City Manager reviewed that Harbor Village Apartments on Crestview Drive includes three separate buildings under the current ownership of Stratford Group LTD and current owner, Ken Werth, is proposing to sell the three buildings to his son, Stephen Werth (JPS Petoskey LDHA LP) and is asking Council to consider approving a Payment in Lieu of Taxes (PILOT) program for all buildings. The City Manager further reviewed that the proposed ordinance would reissue a PILOT to two existing senior facilities and create a new PILOT for family living at Harbor Village; that the new owner will be providing approximately \$6.5M in improvements; that the service charge will be 12.79% for all three facilities with the two current PILOTs at 10%; and that the PILOT is needed by the developer as part of an overall financing package using Federal Low-Income Housing Tax Credits administered through the MSHDA.

Stephen Werth gave a brief presentation on proposed project.

City Councilmembers inquired if residents would be displaced during construction; if residents are only seniors; and if there is a sunset clause on PILOT.

Mr. Werth responded that residents will be displaced for 8 days at local hotels and friend's homes and that residents are seniors or handicapped.

The City Manager responded that USDA loan won't be paid off and if for some reason it is, properties will go back on the tax roll.

City Councilmembers deferred action since it was the first reading of the proposed ordinance.

First Reading of Proposed Ordinance to Replace Section 21-39(2) Concerning Overnight On-Street Parking Regulations

The City Planner reviewed that Section 21-39 regulates on-street parking from December 1 through April 1 for snow removal purposes; that Section 21-39(2) has regulations specific to the CBD in order to allow for efficient snow removal in this dense mixed-use area; that in 2014, the B-2A Transitional Business District was created in the area north of Bay Street that had previously been zoned B-2 Central Business District; that staff was unaware that Section 21-39(2) Overnight On-Street Parking had regulations specific to the CBD Zoning District, now that area is zoned B-2A Transitional Business District, the regulations do not apply; and that the issue was brought to the Public Safety Department in which staff believes should be treated the same as the B2 Central Business District for snow removal purposes. The City Planner further reviewed that the proposed ordinance amendment would include the B-2A District as an area that needs to be free from on-street parking between the hours of 3:00 A.M. and 5:00 A.M., Sundays through Saturdays, annually, from December 1 to April 1.

Mayor Murphy asked for public comments and heard an inquiry if Planning Commission had any input on this ordinance.

City Councilmembers deferred action since it was the first reading of the proposed ordinance.

Approve Pre-Development Assistance for Darling Lot – Resolution No. 19276

The City Planner reviewed that through the Redevelopment Ready Communities certification process, an economic development strategy was adopted that identified three priority redevelopment sites: 200 East Lake Street, 900 Emmet Street and the Darling Lot at the corner of Petoskey and Michigan Street. The Darling Lot was included as a parcel that the City controls and has potential for development that could include structured parking. The City Planner further reviewed that City Council adopted its 2018 Action Plan on July 16, 2018 with a strategy under the goal of Diversify and Strengthen the City's Economic Base of hiring a consultant, through a competitive RFQ process, to develop a mixed use conceptual plan for the Darling Lot; that staff contacted the MEDC to find out if there was funding available for such pre-development work; that for communities that have achieved RRC certification, the Michigan Municipal League (MML), with funding through the MEDC, is offering predevelopment consultant services for identified priority sites; and that the Civic Labs team from MML put out a RFP for consultant teams to assist certified communities with this assistance, which could be up to a \$25,000 value per community.

City Councilmembers discussed the program and some were opposed to the project indicating that the City is not ready for this type of predevelopment; heard from those in favor of the program and that there are no real problems with project; and if there would be fact finding through the grant.

The City Planner responded that assistance isn't solely focused on parking and could include any type of development.

Mayor Murphy asked for public comments and heard a comment from a Planning Commission member that the program would comply with current zoning ordinances.

City Councilmember Walker moved that, seconded by City Councilmember Shumway to authorize City staff to move forward with the pre-development assistance funding for the Darling Lot through the MML program with any conceptual plan based on current zoning regulations.

Said motion was adopted by the following vote:

AYES: Marshall, Shumway, Dittmar, Walker, Murphy (5)

NAYS: None (0)

Approve Local Historic District Study Committee – Resolution No. 19277

The City Manager reviewed that the creation of a local historic district for downtown has been a recommendation in the plans for Downtown Petoskey since 2007 and the 2018-2022 Downtown Strategic Plan recommended action of “advocate for the creation of a Downtown Local Historic District and coordinate the process of creating the design review board.” The City Manager further reviewed that Council received a presentation by Amanda Reintjes, of the Michigan Historic Preservation Network, regarding the benefits of and process to create a local historic district; that the first step in the process is for Council to appoint a Local Historic District Committee; that there are no requirements as to the make-up of the Study Committee, but staff is recommending that the Committee contain five members including an architect, a representative of the Little Traverse Historical Society and three downtown property owners; and that the Committee members will be selected by the Mayor with Council approval.

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

WHEREAS, Public Act 169 of 1970, *Michigan’s Local Historic Districts Act*, enables a local unit of government to adopt an historic district ordinance for the purpose of preserving and protecting resources which are significant to its history; and

WHEREAS, the establishment of a local historic district will serve the public purpose to safeguard the community’s heritage, strengthen its economy, stabilize and improve property values, foster civic beauty and promote its history; and

WHEREAS, there exists a Downtown Petoskey National Register Historic District that could benefit from the protections provided by a local historic district; and

WHEREAS, the 2018-2022 Downtown Strategic Plan adopted by the Downtown Management Board on May 15, 2018 and by City Council on August 6, 2018 has a recommended action to advocate for and coordinate the process of creating a local historic district:

NOW, THEREFORE BE IT RESOLVED that the City Council of Petoskey does hereby authorize the appointment of an Historic District Study Committee to conduct a Historic District Study for the purpose of establishing a local historic district; and

BE IT FURTHER RESOLVED that the Committee will be comprised of an architect, a member of the Little Traverse Bay Historical Society and three downtown property owners.

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Dittmar, Walker, Murphy (5)

NAYS: None (0)

Discuss Sunset Park Stair Tower

The Parks and Recreation Director reviewed that the wood stair tower that links Bayfront Park to Sunset Park is approximately 30 years old and is need of replacement; that the project was identified for replacement in the last two master plans and in recent CIP’s; that in January 2018 an estimate of \$315,000 to replace the stair tower was provided to the City by Beckett & Raeder which was based on City’s costs in 2010 for construction of the Bear River stair tower with 3% increase over 8 years; that there are several variables when comparing costs; that the proposed tower will be black steel and will look similar to the stair tower in the Bear River Valley without a roof or concrete stairs; that three bids were received with the lowest bid approximately \$155,000 overbid; and that since the project falls within the TIFA District, TIFA funds will pay for project.

City Councilmembers inquired if there was any reduction in bid; heard from those in favor of constructing tower with stainless steel; and recommended staff look into stainless steel treads and research the second lowest bidder, Sajdak Contractor, Prudenville, MI, concerning background and previous completed projects.

Mayor Murphy asked for public comments and heard a comment that there are cement stair treads on tower off of Elizabeth Street, but why it wasn't included on this project; heard comments on the Mitchell Street redesign and that is time to upgrade the Sunset Park stair tower; and heard from those in favor of stainless steel.

Tim Knutsen, Beckett & Raeder representative, responded that he is unaware of cost effects if a change in construction material occurs and that cement treads may need to be re-engineered.

City Councilmembers concurred to table matter and discuss at the next meeting.

Council Comments

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

There being no further business to come before the City Council, this March 4, 2019, meeting of the City Council adjourned at 9:20 P.M.

John Murphy, Mayor

Alan Terry, Clerk-Treasurer