



**CITY COUNCIL**

August 17, 2020

A regular meeting of the City of Petoskey City Council was held from virtual locations on Monday, August 17, 2020. 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  
Brian Wagner, City Councilmember  
Lindsey Walker, City Councilmember

Absent: None

Also in attendance were City Manager Rob Straebel, Clerk-Treasurer Alan Terry and Executive Assistant Sarah Bek.

**Consent Agenda - Resolution No. 19438**

Following introduction of the consent agenda for this meeting of August 17, 2020, City Councilmember Shumway 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 August 3, 2020 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 August 3, 2020 for contract and vendor claims at \$649,931.30, intergovernmental claims at \$0, and the August 6 payroll at \$228,594.63, for a total of \$878,525.93 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

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

**Hear Public Comment**

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

### **Hear City Manager Updates**

The City Manager reported that the Petoskey Harbor Springs Area Community Foundation established a \$50,000 utility and housing relief program through TrueNorth Community Services providing support for City and Emmet County residents in need; that the Planning Commission will review the draft 2021-2026 Capital Improvement Plan on August 20 and Council will review at the September 21 meeting; that staff is working on the 2021 budget; that the Arrowhead Shores slope failure study should be completed by the end of this week; that MDOT is laying hot patch asphalt over many storm water manholes along the highway from Beaubien Avenue to Winter Park Lane today; reviewed City Manager annual performance evaluation timeline and that evaluations will be discussed in closed session on September 21; reviewed project updates on Kalamazoo Avenue, Jackson Street and pickleball courts which will be open to the public by Labor Day; and that the Big Art Show hosted by Big Brothers and Big Sisters was held in Pennsylvania Park last Saturday and the event was approved by staff without consultation from the City Manager's Office; that the event was monitored by Public Safety and met all executive orders, but hosting the event was inconsistent with the cancellation of other downtown events and it sends a mixed message regarding the City's efforts to minimize the spread of COVID-19; and that it was an oversight by staff and will not happen again.

City Councilmembers commented that it was basically a slap in the face to downtown owners that the art show event happened which was contrary to other downtown events that were cancelled and that an apology should be given; heard comments concerning speed on US-31 near Bay Harbor and if signage could be installed to inform motorists that bikers are using the shoulder; that new sidewalks as part of the Kalamazoo Avenue reconstruction project is favorable and allows the community to be walkable; thanked the Petoskey Harbor Springs Area Community Foundation on grant that helped downtown businesses during pandemic; that users of the bike trail on highway as well as old trail is busy this season and working well; and inquired if August Primary election totals and absent voters by ward could be provided.

### **Approve Board Appointments – Resolution 19439-19440**

Mayor Murphy reviewed that City Council consider the following appointments.

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 Richard Neumann, 610 Grand Avenue, to the Planning Commission for a three-year term ending August 2023.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

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

BE IT RESOLVED that the City Council does and hereby approves the appointment of Carolyn Dettmer, 619 Michigan Street, to the Planning Commission to fill a vacated term ending August 2022.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

**Approve Downtown Social District – Resolution No. 19441**

The Downtown Director reviewed that over the last several years the Legislature has discussed approval of legislation that would allow alcoholic beverages to be consumed outside of licensed bars and restaurants; that this is a practice allowed in other states around the country with various restrictions; that due to COVID-19, legislators realized that help for the hospitality industry was needed and moved quickly to readdress the issue; that in July of this year, legislation was passed allowing local units of government to set up Social Districts that would include Commons Areas where alcoholic beverages could be consumed that were purchased from local bars and restaurants that had been permitted by the State to sell in that manner; that the DMB recommended that a Social District be established; reviewed management and operations plan and map of the district; and that the Commons Area includes sidewalks, not streets or parks between the hours of noon and 9:00 P.M.

City Councilmembers inquired on waste within the district and would like to see recycling bins strategically located throughout the social district; inquiries if this program is ongoing; heard concerns of those abusing program such as if people keep branded cup and refill privately; heard from those in favor of a trial period; discussed hours and inquired if the DMB unanimously voted to begin at noon; inquired if drinks could be taken into stores if owner approves; that this program will help sales of alcohol; and heard from those concerned that the district covers a large area, especially near residential areas and do not want the impression of Petoskey as a party town.

The Downtown Director responded that she would also like to see recycling bins throughout the district; that the program is ongoing and can be abolished by a public hearing; that Public Safety Director Breed has reviewed program and will work on enforcement; that City Council could approve on a trial basis; and that the DMB unanimously voted to begin hours at noon and that businesses will have to get approved by City Council.

Mayor Murphy asked for public comments and read aloud a letter from a constituent in favor of establishing a social district.

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

WHEREAS, the Downtown Management Board (DMB) is committed to providing vibrant and relevant Downtown activities that add the energy and ambience required to help businesses succeed; and

WHEREAS, the DMB has established a brand as a first class, premier downtown destination that is also highly valued and sought after by local residents, resorters, second home owners, retirees, tourists, and other visitors who are seeking a thriving yet relaxed shopping and dining experience; and

WHEREAS, the DMB has long had interest in allowing visitors to consume alcohol in Downtown public rights of ways and has supported enabling legislature to be passed; and

WHEREAS, with the current circumstances surrounding social distancing orders as they relate to COVID-19 and Downtown businesses, particularly bars and restaurants, affected by customer quotas that negatively impact revenue streams; and

WHEREAS, the State of Michigan recently adopted MCL 436.1551 that enables the creation of Social Districts that contain Commons Areas where designated licensed permittees may sell alcoholic products to be consumed:

NOW THEREFORE BE IT RESOLVED that a Social District be designated within the City limits that will include the established legal boundary of the City of Petoskey Central Business District (CBD) and will also extend to the north to include Rose Street, the block of Lewis Street between Bay Street Rose Street, and Quarry Park; and that within that District certain public rights-of-way will be designated as the Commons Area of the District where alcoholic beverages, purchased from specific, qualified, and permitted licensees doing business within the district may be consumed legally, and that as indicated on the enclosed map, the Commons Area will include the sidewalks on:

Howard Street from the north side of Penney's Alley to the north side of Bay Street, Petoskey Street from the south side of Mitchell Street to Bay Street, Bay Street to the east side of Lewis Street, Lake Street between Division Street and US-31, Mitchell Street between Waukazoo Street and Emmet Street, Rose Street between Howard Street and Lewis Street, Lewis Street between Bay Street and Rose Street; as well as Quarry Park bounded by US-31 and Lewis Street, Pennsylvania Park and the Greenway Corridor between Mitchell Street and Bay Street, Shopper's Lane, Reid's Alley, and Penney's Alley; and

NOW THEREFORE BE IT FURTHER RESOLVED that local licensees, including Tap 30 and Pour (Northern Brewing, LLC, DBA as Tap 30 and Pour, 422 East Mitchell Street, Unit 5 & 6, Petoskey, MI 49770), Beards (Beards Brewery, LLC, 215 East Lake Street, Petoskey, MI 49770), Stafford's Perry Hotel (Stafford's Hospitality, DBA Stafford's Perry Hotel, Bay at Lewis Street, Petoskey, MI 49770), Duffy's Bar and Grille (Peto's Key, Inc., 317 East Lake Street, Petoskey, MI 49770), and City Park Grill and Palette Bistro (Wineguys Restaurant Group, 432 East Lake Street, Petoskey, MI 49770), are approved by the City of Petoskey to proceed with their application to the State of Michigan for Social District Permits which will allow them to sell alcoholic beverages that will be consumed in the Commons Area of the Social District; and

NOW THEREFORE BE IT ALSO FURTHER RESOLVED that this Resolution, the Plan for Operation and Maintenance of the Social District, and the map of the Social District that includes the boundaries of the Commons Area be submitted to the State to be kept on file going forward for the purpose of documenting the rights of future licensees in the City of Petoskey Social District to apply for Social District permits.

Said resolution was adopted by the following vote:

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

NAYS: Shumway (1)

#### **Authorize Contract for City Hall Rooftop Solar System – Resolution No. 19442**

The City Manager reviewed that the City budgeted \$150,000 in the 2020 Budget for a rooftop solar system on City Hall; that \$75,000 was included in the General Fund with another \$75,000 earmarked in the Electric Fund; that City staff with the assistance of architect Ric Neumann and Ric Evans from Groundworks Center for Resilient Communities, developed a RFP and received five bids for the solar project ranging from \$31,500 to \$144,750 with higher bids including more photovoltaic panels on City Hall; each bid was rated by a review committee based on costs, warranty, completion date, kWh generated annually, aesthetics and public visibility; the review committee unanimously recommended Nova Consultants, Inc., Novi, based upon their \$119,450 proposal; and reviewed that the City Hall solar project was included in the 2020 City of Petoskey Action Plan under Sustainability.

City Councilmembers inquired on the annual maintenance costs; if local contractors will be considered for labor installation; inquired on 82,000 kWh vs kWdc; and discussed snow events and how it would reduce production.

Nova Consultants representatives responded that they will seek local laborers that are skilled in solar projects, but otherwise Nova has a list of available contractors and that when panels are covered in snow there will be less production, but there will be a lot of power during summer months.

Mayor Murphy asked for public comments and heard from those in favor of the project and thanked staff and Council for approving and inquired if all bid sheets could be available for the public to review.

City Councilmember Marshall moved that, seconded by City Councilmember Walker authorization to contract with Nova Consultants, Inc., Novi, in the amount of \$119,450 for a rooftop solar system on City Hall.

Said motion was adopted by the following vote:

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

NAYS: None (0)

**Authorize City Hall West Side Roof Replacement Contract – Resolution No. 19443**

The City Manager reviewed that \$150,000 was allocated in the 2020 Annual Budget for the solar demonstration project for City Hall; that the existing west side, second-story membrane roof was installed in 1988-1989 as part of the original renovation for City Hall and has been repaired over the years; that as part of the solar demonstration project review, the roof was reevaluated and the west side was determined to be vulnerable to damage once the solar panels are installed; that replacing the west roof before the installation of the solar panels will provide confidence that the panels will be secure and the roof will not have any issues; that the rubber membrane that is currently on the rest of the building was installed and warranted by the same company; and that City staff received one bid from Great Lakes Systems, Inc., Jenison, for \$32,769.

City Councilmembers inquired why there was only one bid received.

The Parks and Recreation Director responded that the project was publically advertised, three contractors were sent invitations and bid documents were available on the City's website and that the lone bidder has completed past work for the City and staff recommends contracting with bidder.

City Councilmember Walker moved that, seconded by City Councilmember Marshall authorization to contract with Great Lakes Systems, Inc., Jenison, in the amount of \$32,769 for City Hall west side roof replacement.

Said motion was adopted by the following vote:

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

NAYS: None (0)

**Hear MERS Retirement Plan Update**

The Director of Finance reviewed that the City provides retirement benefits through the Michigan Municipal Employees' Retirement System (MMERS), which has four separate divisions including General Nonunion, DPW Teamsters union, Public Safety union and Public Safety Lieutenants union; that in 2019 MERS announced two changes to the actuarial assumptions used in determining required contributions for defined benefit retirement programs, with the changes effecting contributions beginning in 2021; that the two changes are the assumed investment rate of return was reduced from 7.75% to 7.35% and the annual increase in wage inflation was reduced from 3.75% to 3.00%; that the impact of both of these changes are reflected in the 2019 Annual Actuarial Valuation Report; that largely due to these new assumptions, the City's funding ratio dropped from 82% in 2018 to 80% in 2019; that the report does not reflect any impact from COVID-19; and that staff has held off making an additional payment in 2020 until there is a better handle on the City's finances due to the pandemic and the direction of the stock market.

The Finance Director further reviewed that the City's retirement plan continues to be sufficiently funded as measured by current standards despite the setbacks due to MERS changes in assumptions; that based on the projected effects of the two new economic assumptions by MERS, a 2020 additional contribution of \$1,000,000 would offset the increase in liability and contributions; and going forward in 2021, the City could continue towards our goal of achieving 90% funding level.

**Name Municipal League Annual Meeting Representatives – Resolution No. 19444**

The City Manager reported that at the request of the Michigan Municipal League, the City Council was being asked to adopt a proposed resolution that would confirm the City Council's appointment of an official voting representative and an alternate representative, one of whom would attend the annual business meeting of the Municipal League that would be conducted September 29, in conjunction with the League's 2020 Convention September 29-October 2, which will be conducted as an online virtual conference.

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

BE IT RESOLVED that the City of Petoskey City Council does and hereby selects Councilmember Lindsey Walker as the City's voting representative for the annual business meeting of the Michigan Municipal League that has been scheduled for Tuesday, September 29, 2020, which will be conducted as an online virtual meeting; and

BE IT FURTHER RESOVLED that the City Council does and hereby selects Councilmember Brian Wagner as the City's alternate representative to serve in the absence of the voting representative at said annual meeting.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

**Council Comments**

Mayor Murphy asked for Council comments and Councilmember Wagner thanked all citizens and essential workers for continuing to do their part during the pandemic and busy summer season. Councilmember Marshall inquired when City Council meetings will be conducted in-person. Mayor Murphy reminded the community to continue to social distance and be safe.

**Adjourn to Closed Session – Resolution No. 19445**

City Council was being asked to adopt a resolution that would adjourn to closed session pursuant to Section 8(d) of the Michigan Open Meetings Act, to consider the purchase or lease of real property.

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

WHEREAS, the City Manager has requested that the City Council adjourn to a closed session, pursuant to Section 8(d) of the Michigan Open Meetings Act, to consider the purchase or lease of real property, at the City Council's regular meeting of August 17, 2020:

NOW, THEREFORE, BE IT RESOLVED that the City Council does and hereby authorizes to adjourn to a closed session, to consider purchase or lease of real property.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Adjourned into closed session at 9:10 P.M. and reconvened into open session at 9:30 P.M.

There being no further business to come before the City Council, this August 17, 2020, meeting of the City Council adjourned at 9:31 P.M.

John Murphy, Mayor

Alan Terry, Clerk-Treasurer