



**CITY COUNCIL**

May 4, 2020

A regular meeting of the City of Petoskey City Council was held from virtual locations on Monday, May 4, 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, City Planner Amy Tweeten and Executive Assistant Sarah Bek.

**Hear Arbor Day Proclamation**

Mayor Murphy read the following proclamation:

WHEREAS, in 1872, J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees; and

WHEREAS, the holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska; and

WHEREAS, Arbor Day is now observed throughout the nation and the world; and

WHEREAS, trees can reduce the erosion of our precious topsoil by wind and water, lower our heating and cooling costs, moderate the temperature, clean the air, produce oxygen and provide habitat for wildlife; and

WHEREAS, trees are a renewable resource giving us paper, wood for our homes, fuel for our fires and countless other wood products; and

WHEREAS, trees in our city increase property values, enhance the economic vitality of business areas, and beautify our community; and

WHEREAS, trees, wherever they are planted, are a source of joy and spiritual renewal:

NOW, THEREFORE, I, John Murphy, Mayor of the City of Petoskey, do hereby proclaim May 4, 2020 as Arbor Day in the City of Petoskey. I urge all citizens to celebrate Arbor Day and to support efforts to protect our trees and woodlands; and

FURTHER, I urge all citizens to plant and care for trees to gladden the heart and promote the well-being of this and future generations.

**Consent Agenda - Resolution No. 19398**

Following introduction of the consent agenda for this meeting of May 4, 2020, City Councilmember Shumway 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 April 20, 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 April 20, 2020 for contract and vendor claims at \$252,022.81, intergovernmental claims at \$0, and the April 30 payroll at \$191,346.61, for a total of \$443,369.42 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

**Hear City Manager Updates**

The City Manager reported that he participated in a MML webinar regarding potential financial impacts to municipalities as a result of the COVID-19 crisis and that there is much uncertainty; that Act 51 Road Funding revenues that support the City's Major and Local Street Funds is forecasted to decrease this year by \$71,000 although revenues are forecasted to rebound in 2021 and 2022 and fortunately the City had lower winter maintenance costs this year assisting the City to maintain healthy fund balances for the remainder of 2020; that State sales tax revenue sharing is more difficult to estimate, but could see considerable reductions this year and 2021; that revenue sharing is the second largest source of operating income for the General Fund and proposes that City Council possibly postpone several capital improvement projects at the May 18 meeting; that Haan Development submitted a proposal for a potential workforce/affordable housing project on the Gruler site on Emmet Street and reviewed proposed project with possible discussion at the May 18 meeting; that the promenade street tree replacement project has begun; that construction of two new pickleball courts at Riverside Park will begin May 25; that the Kalamazoo Avenue improvement project will begin the week of May 11 and dependent upon weather and any stop work orders because of pandemic, the project should be completed by late fall; that MDOT US-31 landscaping project will begin this week; that City Hall experienced significant water intrusion issues after last week's heavy rain and wind storm on the north and east side of the building and staff has contacted the architect towards rectifying the water leakage issues; that the spring rubbish pickup has been canceled as the operations involve up to 6-7 workers and will be difficult to comply with social distancing requirements and the fall program will be re-evaluated with updates posted on the City's website; gave an update on the status of solar projects and that the COVID-19 crisis has limited the City's ability to move projects forward; that later this week, crews will begin regrading and final revegetation work for Bayfront Park East where there was substantial coastline erosion last fall and winter; and that final items are being completed on the stair tower and staff anticipates the stair tower will open to the public by early next week.

City Councilmembers commented on the effects the pandemic has caused to downtown businesses and inquired if the DMB or City could close streets to help downtown vibrancy; inquired on what rental rates would be and demographic for the PILOT request at Gruler's property; heard a comment that there is a lot of sediment in road near US-31 highway where landscaping will be occurring; inquired if the contractor had a warranty on work for City Hall building; heard from those not in favor of canceling spring rubbish collection; inquired who made the decision to cancel if it was the haulers or City; that unintended consequences of no pickup is blight and there isn't financing for low income users to pay transfer station fees; and inquired about concerns with high water levels at the Marina

The City Manager responded that the City decided to cancel spring rubbish collection due to social distancing and reviewed the Baird study on four park areas with no immediate issues yet with high water levels at the Marina.

Mayor Murphy asked for public comments and read aloud a public comment that was emailed concerning status of solar array projects and that the stair tower looks amazing.

**Discuss Bay and Howard Street Proposed Development & Approve City Attorney to Prepare Appraisal Agreement – Resolution 19399**

The City Manager reviewed that developers continue to finalize plans for a 50-room boutique hotel at 322 Bay Street and 200 Howard Street; that the hotel would be under one ownership and not include sale of individual units that are common in hotel/condo projects; that the developer is asking the City to consider granting a 20' air easement on the west side of proposed development; that the easement is needed to construct a commercial hotel building allowing windows and decks to the west side of the property instead of a firewall that would be required per building codes if the air easement was not granted; that the easement would allow the City in the future to construct a two-story parking platform as long as the parking structure did not intrude into the proposed easement area; that per the City Attorney, the City would need to be compensated for the proposed easement area and the most accurate way is through a professional appraisal requiring the developer to pay for the appraisal with the appraiser working directly for the City; that the developers are not requesting Brownfield funding on the project nor any other economic incentive; discussed Brownfield funding and possible public benefits if City Council desired to use economic incentives such as earmarking tax increment dollars towards a parking platform or use future property tax increases from the project for more general uses such as shoreline repairs; that the proposed development appears to be in compliance with all downtown development codes; and that staff has concerns on the proposed access to the on-site underground parking through the Saville Lot.

Councilmembers discussed when the project would go to DMB and Planning Commission for review; use of a County Brownfield TIF for the project; if the hotel could be sold in the future; and that it is unknown what the City may want to do on third floor in the future.

The City Attorney reviewed that the City needs to be compensated for the easement and cannot donate; that the developer should pay for appraisal; and discussed the appraisal process.

Barry Polzin, representative for developers, reviewed the 50-room hotel, easement request and how the project conforms to City zoning requirements.

Eric Helzer, financial representative for developers, discussed how the City is not committed to economic incentives and various ways the TIF capture could be structured.

City Councilmembers further discussed various aspects of a Brownfield TIF and the approval process and the timeline for the various Boards and commissions involved. The City Manager noted that after an agreement is approved by Council, the appraisal would be performed and conceptual plans would go to Planning Commission for review.

Mayor Murphy asked for public comments and heard from those in support of the project and an air easement.

City Councilmember Wagner moved that, seconded by City Councilmember Shumway to direct the City Attorney to develop an agreement for City Council's consideration requiring the developer to pay for the costs of an appraisal in the determination of fair market value for the proposed easement area.

Said motion was adopted by the following vote:

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

NAYS: None (0)

**Approve Economic Development Strategic Plan Update – Resolution No. 19400**

The City Planner reviewed that at its February 17 meeting, City Council heard the annual progress report on the Economic Development Strategy adopted on February 20, 2017 as one of the requirements of the Redevelopment Ready Communities (RRC) certification process; that Council gave direction on the priority sites and indicated that the Baptist Church at 502 Michigan Street be added as a priority site; that updates were included to Census and property assessment data; reviewed changes to priority redevelopment sites including addition of Baptist Church and removal of 900-1000 Bayview Road; and reviewed updates to public projects that have been completed and future additional projects.

Councilmembers discussed if City is working with Townships on affordable housing and if there have been conversations on a joint approach for affordable housing. The City Planner noted that conversations are going through other regional organizations and the document only addresses the City and the master plan addresses regional efforts.

City Councilmember Wagner moved that, seconded by City Councilmember Marshall adoption of the updated Economic Development Strategic Plan.

Said motion was adopted by the following vote:

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

NAYS: None (0)

**Conduct First Reading of Proposed Ordinance to Conditionally Rezone Properties at 112, 116, 118 and 124 East Mitchell Street from B-1 Local Business and O-S Office Service Districts to B-2A Transitional Business**

The City Planner reviewed that a public hearing was held by the Planning Commission on December 12, 2019 on the request to rezone the subject property to B-2A Transitional Business from B-1 Local Business and O-S Office Service; reviewed concerns raised at the hearing regarding parking needs and proposed changes to the parking exempt district and parking requirements in the B-2A District; reviewed subject properties that were first proposed for rezoning in 2004 and ordinance requirements adopted in 2013; reviewed history of property and rezoning measures to discourage commercial creep into the Old Town Emmet Neighborhood, which the neighborhood boundary does not include the Family Video parcels; that she met with Mr. Pattullo, the new owner's architect in October 2019, to discuss options for the property and that it was in two zoning districts and a rezoning would be required for effective redevelopment; reviewed the concept of a two-story residential building with parking underneath and potentially some ground floor commercial space; reviewed reasons for rezoning to the B-2A District; reviewed the B-2A District and that its intent is to complement the historic urban core of the CBD, while providing a transition area to adjacent neighborhoods; that the applicant's representative suggested that the applicant would likely agree to certain conditions should Council agree to rezone the subject property; that Mr. Pattullo, on behalf of the applicant, wrote a letter to the City Planner voluntarily offering proposed zoning conditions; that the applicant signed the Voluntary Offer of Conditions to be effective April 27, 2020; and that the revised version of the proposed ordinance incorporated the applicant's voluntary conditions which constitutes a first reading.

City Councilmembers discussed parking requirements; discussed where parking would be located; why there is a need for another first reading; heard concerns with property uses; heard from those that favored that the developer agreed that use restrictions remain with the property for any future sale; and inquired on the timeline of project and limits to rezoning.

Mr. Pattullo noted that the idea is to have parking onsite on first floor or grade and would build around and over it; that parking isn't addressed as a zoning approval, but rather will be required in following parking exemption ordinance; that the applicant would have two years to act, otherwise rezoning would revert back if applicant doesn't request an extension; and reviewed that due to current circumstances it is unknown, but foresees it being at least a 12-month project once begun.

City Council will further review and conduct a second discussion of the proposed ordinance at the next regular scheduled meeting.

**Second Reading of a Proposed Ordinance Amending Sections 1704(c) Off-street Parking Exception to General Provision and 2903(3) Site Requirements in the B-2A Transitional Business District – Resolution No. 19401**

The City Planner reviewed that the Planning Commission unanimously, with one abstention, recommended two changes to the Zoning Ordinance related to parking requirements adjacent to the Central Business District, Sections 1704(c) Off-street Parking Exception to General Provision and 2903(3) Site Requirements in the B-2A Transitional Business District which would remove two areas currently in the exempt district so properties would be required to provide parking; that two properties in the northeast corner have been zoned RM-2 Multiple Family for many years, while the properties at the southwest corner, with the exception of the Family Video property, were rezoned to RM-2 Multiple Family from O-S Office Service in 2014; that the Planning Commission recommended rezoning to keep the properties residential, rather than encourage redevelopment into office uses; that there would only be an impact on these residential structures from the proposed ordinance change if an owner wanted to add units to any of the existing buildings; reviewed the proposed parking exempt district boundaries; and that off-street parking requirements in the B-2A District are no less than 75% of the full parking requirements per Section 1704 of the Zoning Ordinance.

City Councilmembers discussed the parcels being removed from parking exempt district and inquired if a home office has to have available parking. The City Planner noted that parcels being removed are residential and trying to preserve as residential and would look into if home businesses require additional parking.

City Councilmember Shumway moved that, seconded by City Councilmember Walker, to postpone decision on proposed ordinance until the May 18, 2020 City Council meeting.

Said motion 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 comments.

**Council Comments**

Mayor Murphy asked for Council comments and Councilmember Wagner thanked staff and residents for staying calm during these unprecedented times. Councilmember Walker thanked staff for continued efforts especially with the update to the Economic Development Strategic Plan. Mayor Murphy thanked City staff for the successful virtual meetings and that it is admirable that public is attending, is hopeful that the DMB will look into options in getting downtown businesses open and reminded residents to take the opportunity to shop local and continue social distancing.

There being no further business to come before the City Council, this May 4, 2020, meeting of the City Council adjourned at 9:05 P.M.

John Murphy, Mayor

Alan Terry, Clerk-Treasurer