



CITY COUNCIL

November 15, 2021

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, November 15, 2021. 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
Derek Shiels, City Councilmember
Brian Wagner, City Councilmember
Lindsey Walker, City Councilmember, Petoskey, Emmet County, MI (remote)

Absent: None

Also in attendance were Interim City Manager/Clerk-Treasurer Alan Terry, City Planner Amy Tweeten, Parks and Recreation Director Kendall Klingelsmith, Downtown Director Becky Goodman, Finance Supervisor Audrey Plath and Executive Assistant Sarah Bek.

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 2022, as requested by the Downtown Management Board. The DMB's recommended assessment formula is \$0.1873 per square foot of usable, first-floor space within eligible, non-residential buildings located in the Management Board's territory as the assessment district; \$0.0468 per square foot of usable space on floors other than the first floor; and \$0.0572 per square foot of area on vacant, buildable lots. The Downtown Director reviewed that she had received one letter concerning the proposed assessment and that a second-floor assessment of a Petoskey Street property will be removed since the second floor is residential.

Mayor Murphy opened the public hearing at 7:07 P.M. and there were no public comments and the hearing closed at 7:08 P.M.

Budget and Tax-Levy Public Hearing

A public hearing was held to receive comments concerning the City's proposed 2022 Annual Budget and recommended property tax millage rates for 2022. The City's proposed 2022 Annual Budget was initially presented and discussed at the November 1 City Council meeting. At the November 1 meeting, a public hearing was scheduled for November 15, 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 2022.)

Mayor Murphy opened the public hearing at 7:09 P.M. and there were no public comments and the hearing closed at 7:09 P.M.

Consent Agenda - Resolution No. 19602

Following introduction of the consent agenda for this meeting of November 15, 2021, City Councilmember Wagner 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 1, 2021 regular session and November 8, 2021 special joint City Council meetings 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 1, 2021 for contract and vendor claims at \$817,310.68, intergovernmental claims at \$0, and the November 10 payroll at \$213,500.17, for a total of \$1,030,810.85 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Hear Public Comment

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

Hear City Manager Updates

The City Manager reviewed that leaf pickup has been extended due to the weather and a final city-wide pickup will begin on Wednesday, November 17; that the short-term rental bill is in the Senate with no vote scheduled until after Thanksgiving; that winter parking restrictions begin December 1; and City Hall will be closed next Thursday and Friday in observance of the Thanksgiving holiday.

Mayor Murphy commented that he had met with Representative John Damoose last Thursday and discussed the short-term rental bill and Councilmembers inquired if the bill will go back to the House for a vote if the Senate proposes any changes to the bill.

Confirm Special Assessment Roll – Resolution No. 19603

The City Manager reviewed the proposed special assessment roll, programs and services and the 2% rate increase for 2022. No comments were received during the public hearing earlier in the meeting.

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

WHEREAS, the City Council on October 4, 2021, reviewed a report of September 28, 2021, 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 18, 2021, 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 18 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 1, 2021; 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 15, 2021, to receive comments concerning the proposed special-assessment roll, and directed City staff to publish a notice of the November 15, 2021 public hearing and to notify potentially affected property owners of said hearing; and

WHEREAS, the City Council conducted its November 15 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 IT 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, Shiels, Wagner, Walker, Murphy (5)

NAYS: None (0)

Adopt 2022 Annual Budget – Resolution No. 19604

The City Manager reviewed that the 2022 proposed Annual Budget was presented on November 1 and a public hearing was held earlier in the meeting with no comments; highlighted 2022 capital expenditures and reviewed revenues and expenses in the General Fund, Electric, Water and Sewer and Motor Pool Funds.

City Councilmembers inquired when the City will receive the second distribution of ARPA funds; inquired about water and sewer rate increase and the process of determining increases; inquired about additional solar panels and projects on city buildings; inquired about a new design for the Darling Lot being included and considered in 2022; requested more information on the Planning Department restructuring; that RRC sites, specifically the Darling Lot, should be reassessed; inquired on Public Safety expenditures and their portion of the budget; discussed the need for a millage to sustain current operations; and thanked City staff for their work on the detailed budget.

The City Manager responded the first payment of ARPA monies has been received with the second payment to be received in 2022; that a rate study was completed seven years ago on water, sewer and electric providing necessary rates to meet costs of capital outlay items and utility infrastructure costs and rates were approved by City Council; that staff will look at a solar array project for the Public Safety building on Lake Street; that \$15,000 is budgeted in the Parking Fund for a conceptual plan on the Darling Lot; that RRC sites and Economic Development Strategy will be reviewed and updated in 2022; and that City Council could begin discussions on a millage to fund ongoing operations within the Parks and Recreation and/or Public Safety Departments.

City Councilmember Wagner moved that, seconded by City Councilmember Walker 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 2022; and

WHEREAS, as also is required of City Charter provisions, the City Council on November 15, 2021, conducted a public hearing to receive comments concerning these proposed budgets for the City's various funds:

General Fund

January 1, 2022 Fund Balance	\$ 6,032,169
Revenues	<u>10,292,000</u>
Expenditures:	
General Governmental Services	1,897,200
Public Safety	3,504,400
Public Works	672,300
Recreation and Cultural	<u>3,897,800</u>
Total Expenditures	<u>9,971,700</u>
December 31, 2022 Fund Balance	\$ <u>6,352,469</u>

Major Street Fund

January 1, 2022 Fund Balance	\$ 1,253,716
Revenues	1,115,500
Expenditures	<u>1,193,700</u>
December 31, 2022 Fund Balance	\$ <u>1,175,516</u>

Local Street Fund

January 1, 2022 Fund Balance	\$ 996,506
Revenues	1,361,800
Expenditures	<u>1,722,100</u>
December 31, 2022 Fund Balance	\$ <u>636,206</u>

General Street Fund

January 1, 2022 Fund Balance	\$ 1,521,845
Revenues	1,259,000
Expenditures	<u>1,704,000</u>
December 31, 2022 Fund Balance	\$ <u>1,076,845</u>

Tax Increment Finance Authority Fund

January 1, 2022 Fund Balance	\$ 986,887
Revenues	553,300
Expenditures	<u>647,000</u>
December 31, 2022 Fund Balance	\$ <u>893,187</u>

Library Fund

January 1, 2022 Fund Balance	\$ 1,117,237
Revenues	1,580,800
Expenditures	<u>1,577,900</u>
December 31, 2022 Fund Balance	\$ <u>1,120,137</u>

Downtown Management Fund

January 1, 2022 Fund Balance	\$ 184,913
Revenues	156,600
Expenditures	<u>155,300</u>
December 31, 2022 Fund Balance	\$ <u>186,213</u>

Downtown Parking Fund

January 1, 2022 Retained Earnings	\$ 1,071,255
Revenues	903,900
Expenses	<u>725,000</u>
December 31, 2022 Retained Earnings	\$ <u>1,250,155</u>

Right-of-Way Fund

January 1, 2022 Fund Balance	\$ 959,801
Revenues	1,863,100
Expenditures	<u>2,102,000</u>
December 31, 2022 Fund Balance	\$ <u>720,901</u>

Electric Fund

January 1, 2022 Retained Earnings	\$ 25,200,975
Revenues	11,042,900
Expenses	<u>10,880,900</u>
December 31, 2022 Retained Earnings	\$ <u>25,362,975</u>

Water and Sewer Fund

January 1, 2022 Retained Earnings	\$ 27,340,382
Revenues	6,246,100
Expenses	<u>5,828,000</u>
December 31, 2022 Retained Earnings	\$ <u>27,758,482</u>

Motor Pool Fund

January 1, 2022 Retained Earnings	\$ 5,364,955
Revenues	1,198,800
Expenses	<u>1,147,400</u>
December 31, 2022 Retained Earnings	\$ <u>5,416,355</u>

Building Authority Marina Improvements Bond Fund

January 1, 2022 Fund Balance	\$ 30,441
Revenues	124,700
Expenditures	<u>124,300</u>
December 31, 2022 Fund Balance	\$ <u>30,841</u>

Building Authority Bear River Valley Improvements Bond Fund

January 1, 2022 Fund Balance	\$ 123,611
Revenues	265,800
Expenditures	<u>263,700</u>
December 31, 2022 Fund Balance	\$ <u>125,711</u>

WHEREAS, following the public hearing to receive comments concerning the proposed 2022 Annual Budget and its consideration of the proposed budget, the City Council wishes to approve the proposed budgets of these various City funds; and

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby approves the 2022 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 or Director of Public Works are designated representatives and are 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 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, Shiels, Wagner, Walker, Murphy (5)

NAYS: None (0)

Introduction of Proposed Ordinance Amending the Subdivision and Zoning Ordinances

The City Planner reviewed that the Planning Commission held a public hearing on several ordinance amendments to remove barriers to housing development and construction and recommended changes to City Council; that these changes were discussed at a special joint meeting of the Planning Commission and City Council on November 8; reviewed subdivision changes and that one proposed change is to reduce the width requirement of private streets, while still allowing access by Public Safety vehicles; that zoning ordinance changes are in the business and industrial districts (Sections 801, 1001, 1201, 1401 and 2601) which would eliminate density restrictions; that zoning changes allows a developer to determine the number of units based on other zoning requirements including building height, parking and setbacks rather than an arbitrary calculation based on lot size; and reviewed proposed height changes in the B-2, B-2A, B-2B, B-3 and O-S Districts do not increase the number of stories in any district, but allow for taller floor to ceiling heights, which improve the feasibility of a project and make it more likely to occur.

City Councilmembers discussed proposed building heights in various districts; inquired if proposed changes include the former Family Video property; inquired if ground-floor housing is allowed; discussed that emergency vehicles would still need access if street width requirements of private streets changed.

The City Planner responded that the former Family Video site is in B-2A Transitional District and changes would apply and that ground-floor housing is allowed in B-2A District.

City Council will further discuss at the next regular City Council meeting.

Authorize Contract for Marina Fuel Storage Tank Replacement – Resolution No. 19605

The City Manager reviewed that the City was awarded a matching grant in the amount of \$125,000 from the State of Michigan Waterways Commission for removal and replacement of the Marina Fuel Storage Tanks; that the estimated total cost of the project was \$250,000; that there have been significant challenges since the original estimate including supply chain delays, resin shortages, fiberglass production and lack of contractors; that these factors resulted in the bids for the project exceeding the original estimate; that the storage tanks have a lead time of 10-12 months which is the main concern of this project; that staff is working with the Waterways Commission on the project and will submit another grant in April 2022 to assist with the overage of the project cost and funds from the Marina Reserve Fund will cover remaining costs; and that four bids were received on November 4.

City Councilmembers inquired if cost could be locked in or if it will increase and inquired where the tanks were constructed.

The Parks and Recreation Director responded that costs would be locked in if approved now; that tanks are made in Texas; and the City applied for the grant to fund this project in 2021.

City Councilmember Shiels moved that, seconded by City Councilmember Marshall to authorize contracting with R.W. Mercer Company, Jackson, in the amount of \$395,000 for Marina fuel storage tank replacement.

Said motion was adopted by the following vote:

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

NAYS: None (0)

Approve 209 Washington Street Purchase Agreement – Resolution No. 19606

The City Manager reviewed that City Council accepted a proposal by Kathryn McConnell for the purchase of 209 Washington Street; that the City Attorney drafted a purchase agreement which has been reviewed and approved by Ms. McConnell; that the purchase agreement includes a purchase price of \$5,000; includes a deed restriction that property will be used for year-round housing and not seasonal or short-term rentals; and the residence is to be occupied within two years of property closing.

City Council discussed enforcement of deed restrictions, how the property price was determined and advertised and if the house would be sold once moved to the property.

The City Planner reviewed that deed restrictions are identified in the purchase agreement; that the part-time code enforcement officer could monitor property for compliance; and reviewed organizations where RFP was posted.

Ms. McConnell responded that the deed restrictions would follow the property if any sale were to occur.

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

WHEREAS, the City of Petoskey placed a City owned parcel located at 209 Washington Street out for bids to developers to develop said property as outlined within the City's bid guidelines; and

WHEREAS, the City received one bid to develop the parcel based on the conditions specified within the bid requirements; and

WHEREAS, the Petoskey City Council has agreed to accept the proposal from Kathryn McConnell as proposed:

NOW, THEREFORE, BE IT RESOLVED that the Petoskey City Council approves the sale of 209 Washington Street to Kathryn McConnell for the amount of \$5,000; and

BE IT FURTHER RESOLVED that the City Council approve the terms included within the Purchase Agreement as proposed and authorizes the Mayor and City Clerk to sign said agreement.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Approve 2021-2023 FOPLC Part-Time Public Safety Employees Contract – Resolution No. 19607

The City Manager reviewed that City staff and the part-time Public Safety employees came to an agreement on the collective bargaining agreement following a mediation session on October 15, 2021; that the agreement covers the period of January 1, 2021 through December 31, 2023; and reviewed changes which included new language for Section 2.1 Dues Deductions, uniform allowance increased from \$200 to \$300 annually and increased wage rates.

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

WHEREAS, certain Department of Public Safety part-time employees are represented by Fraternal Order of Police Council (FOPLC); and

WHEREAS, the City and bargaining unit representatives negotiated provisions of a proposed agreement for part-time Public Safety staff members; and

WHEREAS, the City Manager now has reported that a tentative agreement has been reached with the part-time FOPLC for the period of January 1, 2021 – December 31, 2023:

NOW, THEREFORE, BE IT RESOLVED that the City Manager be and is hereby directed to execute on behalf of the City an employment agreement with part-time Department of Public Safety employees who are represented by the Fraternal Order of Police Council (FOPLC).

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Council Comments

Mayor Murphy asked for City Council comments and City Councilmember Walker encouraged City Council to look at the Classifieds on the Michigan Municipal League's website to review current City Manager searches. City Councilmember Marshall commented that a complaint was received concerning dining decks, specifically City Park Grill's dining deck, and that the Design Committee and DMB are working together on a potential ordinance regulating dining decks which will be discussed in 2022.

There being no further business to come before the City Council, this November 15, 2021, meeting of the City Council adjourned at 8:19 P.M.

John Murphy, Mayor

Alan Terry, Clerk-Treasurer