

REGULAR CITY COUNCIL MEETING
January 23, 2007

The Regular City Council Meeting was called to order by Mayor Muschell in the Council Chambers in the City Hall at 7:00 p.m. The proceedings were as follows:

Present: Council Members Riddle, McCauslin, Charboneau, Muschell, Boardman, Tebo and Lepp

Councilwoman Riddle led the Pledge of Allegiance to the Flag.

Approval of Agenda and Receive and File all Communications

Councilman McCauslin moved to approve the agenda as presented and receive and file all communications. Seconded by Councilman Tebo. Motion carried unanimously.

Correction and Approval of Prior Meeting Minutes

- **Regular City Council Meeting – January 9, 2007**

Councilman Boardman moved to approve the minutes of the January 9, 2007 Regular City Council Meeting as presented. Seconded by Councilman Charboneau. Motion carried unanimously.

Public Comments

Public Comment portion of the meeting opened by Mayor Muschell.

- **Retiree Health Insurance**

Mr. Richard Winters introduced himself, commenting he is present to discuss retiree health insurance. He distributed information regarding research he conducted on a Blue Cross Blue Shield Group Conversion Plan, explaining that group conversion is designed for retirees whereby an active employee can convert coverage to an individual plan upon retirement. He referred to Option E – Two Person coverage at a cost of \$454.46 per month, outlining the coverage, the deductibles involved, and the four items that Option E does not cover which includes office calls, prescriptions, dental and vision services. Mr. Winters referred to the City's Schedule for Maximum Contributions Toward Health Benefit Program, commenting that according to Council Policy the City would contribute \$425.00 toward the cost of retiree health insurance. He referred Council to a summary of retirees receiving BCBS coverage, noting that Mr. Dan Minch and Mr. Brent Duffiney are each currently receiving a benefit of \$1,162.26 per month. He commented that he is requesting \$454.46 per month to start with, which is a savings of \$707.80 per month. Mr. Winters stated that he projected the cost for the next ten years, explaining that at the end of ten years, the City will be contributing \$3,491.47 which represents a 13% increase in premiums for each of those two retirees and that for his particular coverage the City would contribute \$1,365.22 per month, which is a savings of \$2,126.25 per month. He added that the group conversion plan is the policy he intends to purchase as he cannot afford to remain on the City's retiree health insurance policy and he is asking that the City assume full payment of the premiums for the two person option for the next ten years. Mr. Winters asked that Council approve his request, noting that his deadline to apply for retirement benefits is February 18, 2007, which is approaching rapidly. He commented that he feels his request is not unreasonable and he has shown he is willing to work with the City Council. Councilman Tebo questioned the \$1,162.26 premium per month asking if that is for each retiree. Mr. Winters replied that monthly premium is for each retiree, adding that there are other retirees receiving coverage costing over \$1,600 per month and he is requesting \$454.46 per month to start.

Councilman McCauslin asked if this plan is workable. Clerk/Treasurer Kwiatkowski replied that the City cannot afford the expense over time, adding that there are eleven more active employees with over 20 years of service who will be approaching the City Council in the future with similar requests when they want to retire. He referred to the \$1,365.22 figure for the year 2016 explaining that amount is approximately \$800 per month and \$9,600 per year over and above the \$555 cost per month the City would assume according to the current policy. Councilman Charboneau mentioned the collective bargaining agreement. Clerk/Treasurer Kwiatkowski explained that this has nothing to do with the union contract. He commented that if Council makes an exception and does not abide by the policy, he estimates that within four or five years the City would not be able to sustain the level of funding needed for the retiree health care program and the program would need to be entirely eliminated which may result in litigation. Councilman Charboneau noted that a man should not have to go to court to get something he deserves. City Manager McNeil reiterated the importance of staying with the current policy, noting the cost difference pointed out by Clerk/Treasurer Kwiatkowski, and it is important that Council be consistent with the policy. Councilwoman Riddle questioned if the research on various retiree health care programs is completed. Clerk/Treasurer Kwiatkowski replied that he has explored two options; retirees remaining with the group plan the City offers, or pursuing individual coverage independently. He added that pursuing individual coverage is looking more and more like a non-viable option because of HIPAA regulations and exposure for the City from a liability standpoint. Mr. Winters disagreed, asking if documentation is available. Clerk/Treasurer Kwiatkowski noted that he has the appropriate documentation. He explained that a group conversion with a national carrier is different than purchasing individual coverage through a Healthcare Reimbursement Account. Clerk/Treasurer Kwiatkowski added that many individual policies have waiting periods and pre-existing condition clauses which may present potential liability exposure to the City. City Manager McNeil commented that Clerk/Treasurer Kwiatkowski is responding to Councilwoman Riddle's question with regard to his research and not necessarily toward the proposal Mr. Winters is presenting. Councilman Tebo stated that Mr. Winters deserves an answer one way or the other so that he can plan to retire or remain employed. Councilwoman Riddle requested clarification on the current policy for retiree health insurance. Clerk/Treasurer Kwiatkowski stated that the current policy provides health insurance upon retirement for the retiree only and does not include the retiree's spouse. The 2005 single person rate was used at the beginning of the calculation and then a 3% cap on that amount was applied per year, which is how the chart was developed, and ultimately adopted by Council last year. Councilman Tebo noted that according to the chart, in 2009 the City would contribute \$451 per month toward the health insurance premium for the retiree and the retiree would be responsible for paying the rest of the premium. Clerk/Treasurer Kwiatkowski indicated that is correct. Councilman McCauslin noted that in ten years, the difference between the actual scheduled contribution which is policy, and what Mr. Winters is requesting is \$793.22 per month. Clerk/Treasurer Kwiatkowski replied that is correct, adding that totals approximately \$9,600 per year. Mr. Winters commented that he would still be saving the City \$2,126.25 per month in premiums. Clerk/Treasurer Kwiatkowski stated that based on the current policy, it will cost several thousand dollars more over a ten year period. He explained that using Mr. Winters projected figures for the next ten years, and these figures compared to the policy would actually cost Council much more when the policy is considered. Mr. Winters noted that there are retirees currently receiving retiree health care coverage costing the City over \$1,600 per month. Councilwoman Riddle stated that is why Council instigated the policy, adding that the City cannot continue to provide that benefit. Mr. Winters commented he is not arguing with Council but is asking that his request be approved, noting that the issue is not going away and neither is he. He referred to the two retirees he formerly worked with side by side under the same collective bargaining agreement that are currently

receiving fully paid retiree health insurance, commenting that he is retiring under the same contract and he will be saving the City over \$700 a month. Mr. Winters added that he will not argue with Council but would defer argument through his legal counsel.

Councilman Charboneau moved to approve the request of Mr. Richard Winters that the City provide him and his spouse with fully paid retiree health insurance coverage under the Blue Cross Blue Shield Group Conversion Option E – Two Person Coverage. Seconded by Councilman Tebo.

City Manager McNeil reiterated his recommendation that Council abide by the policy currently in place with regard to retiree health insurance and that varying from this policy would mean exposure to costs that are subject to significant inflation and unknown numbers. The current policy identifies future costs for the City with regard to retiree health insurance premiums and approving Mr. Winters' request would be detrimental. Mayor Muschell asked if there were any further comments. There being no further comments, a roll call vote was taken.

Yes votes: Council Members Boardman, Charboneau and Tebo
No votes: Council Members Muschell, Riddle, Lepp and McCauslin
Motion failed.

Mayor Muschell asked if anyone else wished to address Council under Public Comment. There being no further comments, the Public Comment portion of the meeting was closed by Mayor Muschell.

Communications and Petitions

- **Request from Francis A. Barlow Post No. 95 & Auxiliary – Sale of Poppies on May 18 & 19, 2007**

Councilman Tebo moved to approve the request from Francis A. Barlow Post No. 95 & Auxiliary to sell poppies on May 18 & 19, 2007. Seconded by Councilwoman Lepp.

Yes votes: Council Members Riddle, Boardman, Lepp, Tebo, McCauslin and Muschell
No votes: Councilman Charboneau
Motion carried.

- **Letter Dated January 15, 2007 from Vaughn Temple – Resigning from Cheboygan Life Support Systems, Inc. Board of Directors**

Councilman Tebo moved to accept with regret the resignation of Vaughn Temple from the Cheboygan Life Support Systems, Inc. Board of Directors effective immediately. Seconded by Councilman Boardman. Motion carried unanimously.

Councilman Tebo moved to nominate Councilwoman Lepp to the Cheboygan Life Support Systems, Inc. Board of Directors. Seconded by Councilman Charboneau. Motion carried unanimously.

- **Letter of Appreciation from Recreation Commission – Providing Additional Access for Snowmobiles, via City Streets, to Downtown**

City Manager McNeil commented on the letter of Appreciation from the Recreation Commission, noting that the Commission acknowledged Council's effort with providing additional access for snowmobiles to the downtown area.

Boards and Commission Reports

- **Department of Public Safety Monthly Statistics – December 2006**

The Department of Public Safety Monthly Statistics for December 2006 were received and reviewed.

- **Regular Brownfield Redevelopment Authority Board Meeting – January 8, 2007**

City Manager McNeil stated that the Brownfield Redevelopment Authority Board reviewed a timeline update with regard to the EPA Assessment Grants, noting that the timeline within the Work Plan was adjusted based on the schedule for the County to approve the consultant who will carry out the Work Plan, and that approval is anticipated the first meeting in February. He added that the Board discussed their involvement in that program as well as basic information with regard to completion of the Mariner's Village project.

- **Regular Planning Commission Meeting – January 15, 2007**

City Manager McNeil reported that the Planning Commission discussed information provided by the Intermunicipality Planning Committee, and identified an area of proposed dense development that might be served in the future by water and sanitary sewer facilities. That information will be presented to the Intermunicipality Planning Committee at their meeting the first part of February. City Manager McNeil noted that a subcommittee was established to address the Riverfront Development Planning process, adding that the scope of the project is expanding because of the type of decisions that need to be made and the type of analysis and review to be accomplished. In order to address the growing scope of the project, a subcommittee was formed to deal with issues on an intermediary basis and provide recommendations to the Planning Commission. The Commission felt that a subcommittee would be more effective, particularly in the beginning process of developing goals and objectives and tangible action plans as those types of issues are difficult to work through with a large group.

- **Regular Recreation Commission Meeting – January 17, 2007**

City Manager McNeil stated that the Recreation Commission reviewed the draft of the Recreation Plan. He commented on the Special City Council meeting and public hearing scheduled for January 30, 2007 to consider adopting that Plan. As a result of a review of the goals and objectives, the Recreation Commission decided to assume the trailways and walkable community objectives as their priority and consider what type of projects under that particular objective they may be able to carry out over the next year.

Resolutions

- **Local Governing Body Resolution for Charitable Gaming Licenses – Rivertown Follies, Inc.**

Councilman McCauslin moved to adopt the Local Governing Body Resolution for Charitable Gaming Licenses for the Rivertown Follies, Inc. Seconded by Councilman Tebo.

Yes votes: Council Members Lepp, Tebo, McCauslin, Muschell, Riddle and Boardman

No votes: Councilman Charboneau

Motion carried.

General Business

- **Consideration of 2006-2007 Second Quarter Budget Revision**

City Manager McNeil referred Council to the proposed Second Quarter Budget Revision document, commenting that Council will note minimal changes which include the final payment on the Energy

Conservation Performance Contract of \$17,500 for the City Hall/Opera House that is offset by the reduction in proposed wages within the Department of Public Safety. He commented that everything else in the Budget remains at levels as previously adopted.

Councilman Boardman moved to approve the 2006-2007 Second Quarter Budget Revision. Seconded by Councilman Tebo. Motion carried unanimously.

- **Consideration of First Amendment to Contract for Sewer Conveyance and Treatment Capacity and Management Agreement between Inverness Township and City of Cheboygan**

City Manager McNeil stated that an agreement very similar to this was presented to and approved by Council a little over a year ago and that this comes back to Council due to a slight variation in the language, although it provides for the same process as the previous agreement. He explained that the billing the City provides to the Inverness Township users of the sanitary sewer system includes an amount for debt retirement for the Township. According to the current agreement, the City collects those funds for debt retirement and remits payment to the County. This agreement calls for those funds to now be provided directly to Inverness Township who will in turn provide what is needed to pay on their DPW bonds to the County. City Manager McNeil stated this amendment to the contract is recommended for approval as this does not change the City's process or administration and does not affect the City in any way. Councilman Tebo questioned if the City Attorney reviewed the amendment. City Manager McNeil commented that he believes the City Attorney has reviewed the amendment, although final word has not been received. He referred to his recommendation for approval of the amendment by the City Council contingent upon the approval of the City Attorney. Councilwoman Riddle commented on the ability for another township to buy into the program, but that Inverness Township has first option to purchase more capacity. City Manager McNeil stated that Inverness Township has first option to purchase more capacity which is in the original contract and not part of this amendment. He explained that the City has the ability within reason to not offer further capacity if that capability is not available or if the City feels that the capacity that is left would serve only the future needs of the City.

Councilman McCauslin moved to approve the First Amendment to the Contract for Sewer Conveyance and Treatment Capacity and Management Agreement between Inverness Township and City of Cheboygan and to authorize Mayor Muschell and Clerk/Treasurer Kwiatkowski to execute the same. Seconded by Councilman Lepp. Motion carried unanimously.

- **Approval of Appropriation to Northern Lakes Economic Alliance**

City Manager McNeil referred to the many reports he provided to Council regarding efforts to help bring the Northern Lakes Economic Alliance on board with Cheboygan County. He stated that to some degree that effort culminates with this particular appropriation from the City, making the City of Cheboygan a partner with the NLEA. City Manager McNeil commented that Mr. Andy Hayes, President of the Northern Lakes Economic Alliance plans on attending the next meeting of the Downtown Development Authority and taking a look at some of the challenges the City has within the DDA such as the former F. W. Woolworth building. He added that the NLEA has met with Great Lakes Tissue and plans to continue meeting on some projects and issues with the Plant. City Manager McNeil noted that the appropriation for the NLEA has been included in the Budget and that he is recommending Council's approval.

Councilman Tebo moved to approve the appropriation to the Northern Lakes Economic Alliance in the amount of \$3,500. Seconded by Councilman Boardman.

Yes votes: Council Members Muschell, Riddle, Boardman, Lepp, Tebo and McCauslin

No votes: Councilman Charboneau

Motion carried.

City Clerk's and Treasurer's Comments

There were none.

City Manager's Report

- **Preparation for Annual Evaluation of the City Manager by the City Council**

City Manager McNeil stated that in the past, evaluation forms were gathered from each Council member and the information compiled by former Mayor Pro Tem Spinella. Clerk/Treasurer Kwiatkowski commented that he gathered and compiled the information last year. City Manager McNeil noted that the same process could be used if Council is agreeable and that the evaluation forms could be provided to Council with the oral part of the evaluation conducted at the next City Council meeting.

Councilwoman Riddle moved to authorize Clerk/Treasurer Kwiatkowski to provide Council with the annual evaluation forms with regard to the City Manager and to compile the information once the forms have been completed. Seconded by Councilman Tebo. Councilman Charboneau abstained from voting. Motion carried.

- **Lincoln Avenue Bridge Construction Update**

City Manager McNeil deferred to Mayor Muschell for a report, commenting that advertising for receipt of bids on the project is out and MDOT will be receiving those bids and letting the project on February 2, 2007. He noted that details will come together fairly quickly after that as to when the project will begin based on how the contractor that is identified will proceed. City Manager McNeil added that he received the formal contracts between the City and MDOT that basically set forth the relationship that we understand comes with the funding. Mayor Muschell reported that plans and specifications are available to review or pick up by bidders that might be interested in the project. City Manager McNeil noted that he has copies available as well. Mayor Muschell stated that a number of contractors from different areas have come to United Design to review the old plans for the original Lincoln Avenue Bridge structure and are interested in making a determination on what the demolition will entail. He noted that the project is progressing and there seems to be a lot of interest. Councilwoman Lepp questioned a projected start time. Mayor Muschell replied that April 2, 2007 is the anticipated start date.

- **Northern Lakes Economic Alliance – Board Retreat & Annual Meeting**

City Manager McNeil stated that the Northern Lakes Economic Alliance held their annual retreat last week and reviewed the goals and work plans of the NLEA to determine where improvements can be made. The NLEA reviewed their Four Point Plan which is retention of existing businesses, new business creation, attraction of business, and broadband communications. He commented that he participated on the Committee that reviewed the work plan with regards to broadband communications and found it very interesting, noting that the Committee took a look at items that need to be kept in place which each one of the objectives, what needs to be added and what is missing. The Committee is aware of the need to keep the private sector providers in place and to add participation and education of the public sector. City Manager McNeil stated that the building of broadband communication can be

viewed much like the building of the railroad and bringing infrastructure up in that manner. He commented that Council will be seeing some effort to educate the public sector on what broadband communication is, what it is based on and why broadband is needed here and then getting the public sector more involved.

- **Water Quality Audit Plan of Action – January 2007 Status Report**

City Manager McNeil referred Council to the Water Quality Audit Plan of Action, commenting that each point is updated on a quarterly basis and that most are on track. He pointed out for instance that efforts to institute an alternate testing method to identify levels of iron and hydrogen sulfide have not gone very well and the process needs to be re-evaluated. Council will also note the recommendation with regard to instituting a different approach to flushing hydrants based on the hydro-analysis information. City Manager McNeil noted that staff is recommending conducting another hydro-analysis most likely after the installation of the new water mains. He commented that other than that, he feels that positive progress is being made with regard to the various parts of the Water Quality Audit Action Plan. Councilman McCauslin noted the continuing problem with Wells 7 and 8, asking if the polyphosphate dosage is still being adjusted. City Manager McNeil replied that the polyphosphate dosage was adjusted; however, it takes up to or over a year to see the results of that treatment. Councilman McCauslin commented he is also referring to particulate matter and odor issues and not necessarily just the polyphosphates. City Manager McNeil explained that is likely more a symptom of the distribution system as opposed to the wells.

- **DDA Meeting Rescheduled to March 6, 2007**

City Manager McNeil stated that the DDA meeting scheduled for February 6, 2007 to review the recommendations of the various plans and priorities put in place has been postponed until March 6, 2007 as Chairman Lindeman is not able to attend in February and therefore that activity has been postponed.

Messages and Communications from Mayor and Council Members

- **Councilwoman Riddle – Request to be Excused from Meetings**

Councilwoman Riddle requested to be excused from the Special City Council meeting scheduled for January 30, 2007 as well as the Regular City Council meeting on February 13, 2007 as she will be out of town on those dates.

- **Water Main Replacement Project – Main Street Section**

Councilman Tebo questioned the status of the water main replacement project and asked if the Main Street section will be completed before the tourist season begins. City Manager McNeil noted that the project is on track and with regard to Main Street, the engineers plan to offer several options for discussion at a meeting with the property owners along that stretch and gather a consensus of which option is preferred.

- **Great Lakes Tissue**

Councilwoman Lepp questioned if City Manager McNeil spoke with Great Lakes Tissue officials regarding the recent employee lay-off situation. City Manager indicated that he spoke with Great Lakes Tissue officials and it is his understanding that they are reacting to market conditions and that production has been slowed because sales are down.

Closed Session Re – Pending Litigation

Councilman McCauslin moved to adjourn to Closed Session at 7:56 p.m. to discuss pending litigation. Seconded by Councilman Tebo. Motion carried unanimously.

Councilman McCauslin moved to reconvene the meeting from Closed Session at 8:30 p.m. Seconded by Councilman Boardman. Motion carried.
Councilman Charboneau was absent.

Councilman McCauslin noted that Council gave direction to City Manager McNeil on the disposition of the pending litigation.

Adjournment

Councilwoman Lepp moved to adjourn the meeting at 8:35. Seconded by Councilman Tebo. Motion carried.
Councilman Charboneau was absent.

Mayor James Muschell

City Clerk Kenneth J. Kwiatkowski

Councilman Scott McCauslin

Councilman Gerald R. Boardman

Councilwoman Winifred L. Riddle

Councilman Charles Charboneau

Councilman Leslie A. Tebo

Councilwoman Theo Lepp