

REGULAR CITY COUNCIL MEETING
March 27, 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 Boardman, Tebo, Lepp, Riddle, McCauslin, Charboneau and Muschell

Councilman Boardman 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 – March 13, 2007**

Councilman Boardman moved to approve the minutes of the March 13, 2007 Regular City Council Meeting as presented. Seconded by Councilwoman Riddle. Motion carried unanimously.

Public Comments

Public comment portion of the meeting opened by Mayor Muschell.

There were no public comments.

Public comment portion of the meeting closed by Mayor Muschell.

Public Hearing

- **Michigan Natural Resources Trust Fund Grant Application – re: Cheboygan River Footbridge Project**

Public Hearing portion of the meeting opened by Mayor Muschell.

Mr. Clayton Lee Lund introduced himself, commenting that he and his partners oppose the footbridge project and that they do not want to commit their tax money at this time to the project. He explained that they are the owners of the adjacent property immediately north of the proposed site for the footbridge and they operate a marina. The footbridge would restrict the marina because of the height clearance needed for sailboat traffic. Mr. Lund stated that although the footbridge is not on their property, there is no opportunity for sailboats to turn in the River above their line, even large power boats would be threatened by the inadequate clearance of the footbridge. He commented on the other river properties, noting the number of sailboats at the Walstrom Marina, the footbridge would restrict all sailboats possibly to the power line near the former Michigan public electric building. It will affect the property value to the condominiums and to the new marina that will cater to smaller boats. Mr. Lund commented that he can see no cost benefit for the footbridge, and that crossing the footbridge only brings pedestrians to a quarter mile of baseball diamonds and that maybe some time in the future, it may develop into a nice area but he sees no demand for that right now. He referred to item 15 on the agenda where the City is anticipating a cut in State revenues but yet the City will commit to a footbridge with questionable benefit. Mr. Lund commented on the design of the footbridge that features two elevators that will require maintenance. He commented that the City is

having difficulty maintaining current properties and now the City will take on the footbridge project with taxpayer money, maintain the footbridge and provide public safety, and insurance and other unknown expenses. Mr. Lund stated that he cannot see the footbridge enhancing the area. He commented that he and his partners want to make it very clear that they oppose the footbridge project. He requested the issue be tabled and possibly in the future come up with another design. Mr. Lund commented that he does not want to question the integrity of the Mayor, however, when studies and design are done, United Design Associates always seems to be involved and the Mayor is the principal of this project. He noted that most elected officials avoid the appearance of impropriety and that he does not question Mayor Muschell; however, the appearance is there for some people that might be uninformed. He cannot see the City moving forward on the footbridge, especially with the vacant buildings along Main Street where there are many opportunities for business. Mr. Lund commented on several businesses that will be leaving in September which will add the vacancies that already exist. He reiterated that the footbridge will not enhance the downtown. The footbridge could possibly bring in a demand for motels, restaurants and bars, but it is very difficult to raise a family waiting tables and making beds. He requested that Council table consideration of the footbridge.

Mrs. Trudy Lofgren introduced herself, commenting that she requested that the DDA sell her on the footbridge concept and the DDA's response was that the footbridge was on the top of the list of the HyattPalma Study. She noted that she would still like to be sold on the footbridge and requested that Council advise her on how this million dollar footbridge will benefit the retail business on Main Street or even attract people to the downtown, when the DDA will be broke for the next nine years and will not have any funds to devote to anything else. Mrs. Lofgren referred to the poor condition of signage such as those by the Lincoln Avenue Bridge and entrance corridors, commenting that it appears as if there is no upkeep. She commented that she feels the money for the footbridge could be used more effectively. Mrs. Lofgren also commented on how depressing it is to walk down Main Street beginning at Subway which is closed, and then next door to Kretchman's which is closed, then to the Gatherings which is closed. Additionally, Viau's Clothing is not going into any fall merchandise and after summer will be done, and across the street is the unsightly former Woolworth building, the Gold Front that appears to be having difficulties, the structure at the corner of Main and State Street which was recently remodeled is vacant, and on the other block, Stitchworks closed and was reopened as a Tattoo Studio and that is now closed as well. Mrs. Lofgren reiterated that she cannot see the benefit of the footbridge at all and that now is not the proper time for the project.

Mr. Ray Lofgren introduced himself, commenting that he is not up to speed financially concerning the footbridge. He commented that he would like to have a firm number regarding the size of the grant for the footbridge and secondly, the amount of money that would be funded by the City. Mr. Lofgren referred to the half million dollar allocation for the Lincoln Avenue Bridge and questioned the proposed percentage for the footbridge. Councilman McCauslin stated that the percentage on the grant for the footbridge is approximately 33%. We are looking at a grant application of approximately \$550,000 in total which will give the DDA a cost of \$842,525.00. The DDA has that covered on a nine year plan, which in the nine years all current programs are funded, which leaves approximately \$20,000 in disposable income per year for the DDA for the next nine years. The DDA will have a small contingency available in the event expenses come up such as the need for extra flower baskets or other minor expenses. Mr. Lofgren commented on the amount of the grant being just under \$600,000 and asked if the remainder of \$800,000 would be picked up by the taxpayers of the City of Cheboygan. Clerk/Treasurer Kwiatkowski stated that is correct, based on a preliminary engineering estimate. Mr. Lofgren asked the amount of the engineering estimate. Mayor Muschell stated \$1.5 million is the approximate engineer estimate. Councilman McCauslin stated that

\$1,392, 525.00 is the actual cost of the footbridge project and then a certain percentage above that amount must be available as a contingency. Mr. Lofgren commented that everything is in the proposed figure of \$1.5 million except the daily and projected future maintenance. He noted that amount will not be funded by the DDA as he understands. Clerk/Treasurer Kwiatkowski stated that he expects the DDA will fund the maintenance of the footbridge such as the elevators and other items. With regard to keeping the footbridge clean, that would likely fall under the Parks and Recreation Department. Mr. Lofgren asked if this is a final public hearing and does the City have the authority to proceed on its own without a vote or bond sale for the City of Cheboygan to purchase this. Clerk/Treasurer Kwiatkowski replied that this is a public hearing strictly on the grant application for the footbridge. The other issue is that the City would bond for the DDA's portion of the expense for the footbridge and that would be subject to another public hearing. Mr. Lofgren asked if the issue must be placed on a ballot. Clerk/Treasurer Kwiatkowski noted that the issue does not have to be placed on a ballot because the DDA is comprised of the downtown merchants and the tax increment financing originates from the downtown merchants. He added that in most bond issues there is a referendum period but he is unsure if the DDA bond would qualify for that and he would need to research that issue, and if that were the case, a petition would be initiated and the issue would be put on the ballot. Mr. Lofgren commented on Mrs. Lofgren's comment to the DDA that no one could sell her on the footbridge project at this time. He asked if there is any opinion for the few people that are here this evening that have questionable doubts, as to the value of the footbridge being an asset to the City of Cheboygan. Is there something the public might be missing that perhaps Council could point out that would make the footbridge an easier sell. Councilman McCauslin stated that in speaking with City Manager McNeil, the City has lost two grant applications because of the lack of pedestrian access across the River in the past. Both grant applications were for improvements to the Major City Park. He noted that the City is working toward developing the Major City Park and possibly adding a small boat marina where the former sawdust pile was located. In order to accomplish that and to even be considered for grant funding, the City must have some type of pedestrian access across the River in addition to the commercial roadways. Councilman McCauslin stated that the footbridge project is the step in that direction. He commented that he has been opposed from the beginning to having elevators in the foot bridge and has taken that concern before the DDA as well as the Committee that investigated alternative designs. Councilman McCauslin stated that a design was developed that had a circular approach to the deck as a ramp-way, eliminating the need for elevators and still maintaining handicap accessible status; however, the additional steel and contract would put the project another quarter of a million dollars over and above what the cost is with the elevators. He commented that the extra quarter of a million dollar cost projected out twenty years would buy a lot of maintenance for the elevators as well as annual inspections. Mr. Lofgren asked if that is a selling point. Councilman McCauslin stated that is a selling point for him as far as the elevators are concerned. Additionally, other ways to trim the cost are under consideration. He noted that the plans being submitted with the grant application are preliminary and the application stipulates that information as well as the plan itself. There is an option to alter plans of the footbridge. Councilman McCauslin stated that the footbridge would add to the community by providing access to the Major City Park from the west side of the River and access to the downtown area from the east side. Mr. Lofgren stated that he understands Councilman McCauslin's position; however, what he would like to point out that would be an advantage as far as indebting the citizens of Cheboygan is the sidewalk program that was initiated in the past and then ultimately stopped when funds were exhausted. He noted that the sidewalk project is a solid benefit to the entire community.

Councilwoman Riddle commented that she is in favor of the foot bridge, partly because of the Major City Park on the opposite side of the River which draws many people into the area either at the baseball fields, the Recreation Center or the Ice Rink/Pavilion. Providing easy access for pedestrians to cross the River to or from the downtown area could be beneficial, as well as organizations and events in the downtown area that could be expanded. She commented that the City does still want to have a nice sidewalk system and there is a process to accomplish that. Councilwoman Riddle noted that the City must take advantage of grant funding such as for the foot bridge project when funding is available and there is no State funding available at this time for a sidewalk project. She concurred that the sidewalks are very much needed and the City is still working on trying to get that project going. Councilman Tebo questioned if the tax money toward the foot bridge will come from the DDA rather than the citizens. Clerk/Treasurer Kwiatkowski stated that is correct and that no citizen tax funds will go toward the foot bridge and that funding will come from the DDA. Mr. Lund commented that there is a boundary for the DDA, which he outlined. He noted that the foot bridge would potentially increase his property tax. Councilman Tebo reiterated that this public hearing is regarding the application for the grant and the next step is receiving the grant funding, which is questionable considering the declining economic condition of the State.

Mr. Richard Lund introduced himself, commenting that he is opposed to the footbridge and that the City already has about all they can handle in grants such as the new Library, Police Facility, the Water Main Replacement Project and the new Lincoln Avenue Bridge. He commented that at some point taxes will be raised again. Mayor Muschell asked how much control the City has over raising property taxes. Councilman McCauslin indicated that the State dictates the equalized value of property and the City has no control on property tax increases. Clerk/Treasurer Kwiatkowski agreed, commenting on the notice of assessment that is provided annually to property owners. Mr. Lofgren commented that the City is at the maximum number of mills. Councilman McCauslin stated that currently, the City is approximately 1.75 mills shy of the standard operating mills and that is because of Proposition A and the Headley Amendment. Mr. Lofgren noted a comparison of millage rate of Farmington Hills at 36.6 mills and the millage rate for Cheboygan property owners. Clerk/Treasurer Kwiatkowski stated that Cheboygan is at approximately 35 mills for homeowners and that business owners pay an additional 18 mills for non-homestead which would be approximately 53 mills. He explained that Councilman McCauslin is referring to the City Operating Millage. Clerk/Treasurer Kwiatkowski further explained that the City Charter allows the City to levy 15 mills for operating purposes and because of the Headley Rollback and the Millage Reduction Fraction every year, the City is currently less than 14 mills. Additionally, in order to restore the full 15 mills, the issue would have to go for a vote of the people. Clerk/Treasurer Kwiatkowski stated that the various projects are all coming from different revenue sources. For instance, the City is looking at revenue bonds for the water main replacement, which is strictly paid through the Water System. The Lincoln Avenue Bridge project is paid through the Public Act 51 funds through the State. The Building Fund for the Public Safety addition was a voted millage. Clerk/Treasurer Kwiatkowski stated that if debt is taken out for a footbridge, the debt would be paid by those in the DDA district. Additionally, the Main Street project will be funded primarily through the State with 10% coming from the City. Mr. Lund commented that Council appointed the DDA and should have some control over their activities. Councilman Charboneau stated that the DDA would need the approval of Council before initiating any projects. Mr. Lund reiterated that he is opposed to the footbridge project. Councilman McCauslin commented that he hopes for a much larger public hearing when it comes time to discuss the financing with regard to the DDA Funds. He feels that because this public hearing is only for the grant application itself, Council should proceed. Mr. Lofgren asked if there will be any additional out of pocket expense at this juncture once the grant application is submitted. Mayor Muschell replied

that there will not be any additional out of pocket expense that he is aware of after the grant application is submitted. Councilwoman Riddle asked Mr. Lund for clarification on his concerns regarding the location and elevation of the foot bridge, which he provided in detail.

Mayor Muschell asked if there were any other comments. There being no further comments, the Public Hearing portion of the meeting was closed by Mayor Muschell.

Councilman McCauslin moved to approve the Grant Application to the Michigan Natural Resources Trust Fund for the Cheboygan River Footbridge Project. Seconded by Councilman Charboneau. Motion carried unanimously.

CITY OF CHEBOYGAN CITY COUNCIL RESOLUTION

WHEREAS, the City of Cheboygan and the City of Cheboygan Downtown Development Authority wish to acquire funding from the Michigan Department of Natural Resources for the Cheboygan River Footbridge Project; and

WHEREAS, this proposed facility will vastly improve pedestrian movement between the City's Major City Park and all the recreation amenities it contains and the City owned Washington Park and Cheboygan's downtown; and

WHEREAS, this project is included within the objectives of the City of Cheboygan's Recreation Plan and the 2004 Downtown Blueprint Plan; and

WHEREAS, this project is designed to provide the best universal access for all persons including those with disabilities.

NOW THEREFORE BE IT RESOLVED that the Mayor and City Council of the City of Cheboygan hereby authorize Scott E. McNeil, City Manager/DDA Director, to apply for grant funding from the Michigan Department of Natural Resources and support the Downtown Development Authority's appropriation toward matching funds within the Grant Application and that the project will be undertaken upon Grant award.

Communications and Petitions

- **Request from the Cheboygan Area Chamber of Commerce and Tourist Bureau to Hold Events in Washington Park and Parades during 2007**

Councilman McCauslin moved to approve the request from the Cheboygan Area Chamber of Commerce and Tourist Bureau to hold events in Washington Park and parades during 2007 as presented by letter dated March 6, 2007. Seconded by Councilman Tebo. Motion carried unanimously.

Reading of Ordinances

- **Bond Authorizing Ordinances – re: Water System Revenue Bonds**

Clerk/Treasurer Kwiatkowski stated that the Revenue Bond Act requires that the City pass an Ordinance. He added that the Ordinance has been drafted in such a way as to allow either competitive or negotiated sale of the bonds. Clerk/Treasurer Kwiatkowski noted that letting the bids

for the Lincoln Avenue Bridge project is anticipated for the end of April and therefore it would be sometime toward the end of April or first of May before the amount of the bond issue can be determined, which is why the language in the Ordinance indicates an amount up to \$550,000.00. Councilman McCauslin referred to interest rates and bidding details, asking if the City could anticipate a better interest rate than 7%. Clerk/Treasurer Kwiatkowski replied that realistically the City would be looking at an interest rate between 4 and 4.5%. Councilwoman Riddle questioned the bond purchase procedure, which Clerk/Treasurer Kwiatkowski explained. Mr. John Ekdahl of First Federal of Northern Michigan explained bond rating services. Councilman McCauslin questioned the proposed scheduled payment on the bonds and if the City would have difficulty making payment in the future. Clerk/Treasurer Kwiatkowski explained that the payment schedule is for the principal only and that the City could adjust utility rates to accommodate the payment schedule if necessary.

Councilman Tebo moved to adopt the Bond Authorizing Ordinance for Water System Revenue Bonds. Seconded by Councilman McCauslin. Motion carried unanimously.

Boards and Commission Reports

- **Department of Public Safety Monthly Statistics – February 2007**

The Department of Public Safety Monthly Statistics for February 2007 were received and reviewed. Councilwoman Riddle questioned the safeguards in place to prevent injury of young people during construction of the Lincoln Avenue Bridge. Chief Jones replied that the construction company is required to maintain barricades during construction; however, just because the Bridge is out, the River is still accessible by foot as well as anywhere else. He added that there has not been any activity at the site other than possibly someone observing the construction process from the east side of the River, and he does not anticipate any problems. Councilman McCauslin questioned the possibility of adjusting the traffic light timing on U.S. 27 at the Lincoln Avenue Bridge intersection to reduce traffic congestion. Chief Jones stated that is something the traffic highway engineer handles and there is a schedule of when adjustments will be made to the timing of the traffic light.

- **Regular Human Relations Board Meeting – March 15, 2007**

Clerk/Treasurer Kwiatkowski reported that the Human Relations Board discussed plans for a Native American Pow Wow event as well as next year's Martin Luther King Day event. Councilman McCauslin noted that the objective of the Native American Pow Wow event is to have as many tribes as possible attend, and therefore planning is somewhat complicated because of the many events taking place in other communities.

- **Regular Planning Commission Meeting – March 19, 2007**

Clerk/Treasurer Kwiatkowski stated that the Planning Commission discussed and ultimately denied a request to abandon a portion of Canada Street, explaining that there were no plans for development by those who submitted the request. He added that the property is currently being used by the Wesleyan Community Church and possibly others, and that the City may want to license access to control usage.

- **Special Downtown Development Authority Board of Directors Meeting – March 20, 2007**

Clerk/Treasurer Kwiatkowski reported that the DDA met and approved the foot bridge grant application that was approved by Council this evening.

Resolutions

- **Bid Resolution – 2007 Capital Improvement Bonds for Lincoln Avenue Bridge**

Clerk/Treasurer Kwiatkowski noted that bids were received from First Federal of Northern Michigan and Citizens National Bank. He commented that the bid from Citizens National Bank was a true interest cost of 4.46% over the life of the bonds, and the First Federal of Northern Michigan bid was a true interest cost of 3.98757% which is an excellent bid for these bonds. Clerk/Treasurer Kwiatkowski recommended that the bid for the 2007 Capital Improvement Bonds for the Lincoln Avenue Bridge be awarded to First Federal of Northern Michigan.

Councilman Tebo moved to adopt the Bid Resolution – 2007 Capital Improvement Bonds, for the Lincoln Avenue Bridge Project in the approximate principal sum of \$495,000 as presented and to award the bid to First Federal of Northern Michigan at a true interest rate of 3.98757%. Seconded by Councilman McCauslin. Motion carried unanimously.

Clerk/Treasurer Kwiatkowski referred to a request from First Federal of Northern Michigan. Mr. John Ekdahl requested that if Council has no objection, First Federal of Northern Michigan would like to post a small sign by the Lincoln Avenue Bridge indicating that financing is provided by First Federal. Chief Jones recommended checking through the grant process and the sign permit regulations to ensure the signage meets the requirements. Clerk/Treasurer Kwiatkowski indicated he would contact Mr. Ekdahl on the results.

Councilman Tebo moved to grant the request of First Federal of Northern Michigan to place a sign by the Lincoln Avenue Bridge indicating that financing is provided by First Federal of Northern Michigan if the signage meets the appropriate requirements. Seconded by Councilwoman Lepp. Motion carried unanimously.

- **Resolution Appointing Bond Registrar-Paying Agent (Lincoln Avenue Bridge Project)**

Clerk/Treasurer Kwiatkowski stated that First Federal of Northern Michigan requests that a bond registrar-paying agent be appointed for the Lincoln Avenue Bridge Project, commenting that the Bank of New York Trust Company N.A. is recommended.

Councilman McCauslin moved to adopt the Resolution Appointing Bond Registrar-Paying Agent for the Lincoln Avenue Bridge Project as presented to the Bank of New York Trust Company N.A. Seconded by Councilwoman Riddle. Motion carried unanimously.

General Business

There was no general business.

City Clerk's and Treasurer's Comments

There were no comments.

City Manager's Report

- **MML Legislative Link – House Activity for Pop-Up Bills**

Clerk/Treasurer Kwiatkowski explained House Bill 4442 which pertains to properties that have become uncapped once sold and the taxable value that increases much higher than the rate of inflation. He also explained that when the computation for the Headley Rollback and the Millage Reduction Fraction is done, the increased taxable value is part of the formula, which accelerates the

amount of the rollback and ultimately has a very detrimental affect on communities. Clerk/Treasurer Kwiatkowski commented that House Bill 4442 would exempt that increased taxable value from being used in this formula which would benefit communities like Cheboygan. He noted that the House has defeated this Bill once; however, the Bill is up for reconsideration.

Messages and Communications from Mayor and Council Members

- **State Revenue Sharing Cut**

Mayor Muschell stated that the Senate passed a bill for revenue sharing, cutting Cheboygan 4.4% or approximately \$27,252.00 annually.

- **U.S. 27 Route**

Councilwoman Riddle commented on an event she was advised of, pertaining to U.S. 27 being designated as a historical route beginning in Florida and ending in Cheboygan. She commented that not much has been discussed or any involvement initiated with the businesses in town about this issue. Councilman McCauslin stated he spoke with Ms. Kim Pappas, Executive Director of the Chamber of Commerce on that issue. He noted that a definitive distinction must be made on whether the roadway is designated as a heritage highway, a historical highway or scenic highway and that distinction must be definitively worded and presented as part of the route for U.S. 27. Councilman McCauslin added that Ms. Pappas is working on that issue which will be further discussed at the next Downtown Business meeting. Chief Jones commented that the route designation is a proposal by an individual from the Lansing area who is also proposing to have a car parade from the southern Michigan border and culminating in Cheboygan with several different planned events along the way. The historical declaration is something that has taken place over several years throughout different parts of Michigan, and that the City of Cheboygan and Cheboygan County will eventually be given a proposal to honor the declaration and the State would then move forward, and that ultimately, the M-27 Route from Cheboygan, Michigan to Florida would be recognized nation-wide.

Adjournment

Councilman Charboneau moved to adjourn the meeting at 8:18 p.m. Seconded by Councilman Boardman. Motion carried unanimously.

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