

REGULAR CITY COUNCIL MEETING
October 13, 2009

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

Present: Council Members Lepp, Jewell, Sangster, Couture, Kopernik, Bronson and VanFleet

Councilwoman Lepp led the Pledge of Allegiance to the Flag.

Approval of Agenda and Receive and File all Communications

City Manager McNeil referred to a request from representatives of The Brook of Cheboygan relative to connection fees and providing for payments under General Business 11.E.

Councilman Kopernik moved to approve the agenda as amended and receive and file all communications. Seconded by Councilman Bronson. Motion carried unanimously.

Correction and Approval of Prior Meeting Minutes

- **Special City Council Meeting – August 4, 2009**

Councilman VanFleet moved to approve the minutes of the August 4, 2009 Special City Council Meeting as presented. Seconded by Councilman Kopernik. Motion carried unanimously.

- **Regular City Council Meeting – August 25, 2009**

Councilman Couture moved to approve the minutes of the August 25, 2009 Regular City Council Meeting as presented. Seconded by Councilman Jewell. Motion carried unanimously.

- **Special City Council Meeting – August 27, 2009**

Councilman Bronson moved to approve the minutes of the August 27, 2009 Special City Council Meeting as presented. Seconded by Councilman Couture. Motion carried unanimously.

- **Regular City Council Meeting – September 8, 2009**

Councilman VanFleet moved to approve the minutes of the September 8, 2009 Regular City Council Meeting as presented. Seconded by Councilman Bronson. Motion carried unanimously.

Public Comments

Public comment portion of the meeting opened by Mayor Sangster.

- **Cheboygan County Board of Commissioners/Police Services**

Mrs. Trudy Lofgren introduced herself and commended Mayor Sangster and Councilman Jewell for their presentation to the Cheboygan County Board of Commissioners this morning regarding police services. She also commented on the blight issue regarding the LeGault property. Chief Jones provided a status report on the LeGault property noting a trial is scheduled for November 3, 2009. Mrs. Lofgren commented on the deep manholes on the new pavement of Mackinaw Avenue and asked if these can be repaired. City Manager McNeil replied that he would verify the status of Mackinaw Avenue with DPW Director Gall.

Mr. Jack Coon introduced himself and commented on the Police Department budget cuts, specifically regarding the proposed lay-off of Officer Ryan Beaudry. He explained that the school system is

experiencing the same economic difficulties as the City and has placed a priority on cutting everything possible before cutting the jobs of those who have direct impact on students. Mr. Coon stated that the City Police and in particular, Officer Beaudry has had a very positive impact directly with student athletes in the football program. He mentioned the amount of time and expense the City has invested in Officer Beaudry and the proposed lay-off. Mr. Coon commented that the school wants to maintain a connection between the Police agency and school officials and that Officer Beaudry is one of many who have accomplished that tremendously.

Ms. Winnie Riddle introduced herself and commented on the Cheboygan County Board of Commissioners meeting and that she was pleased with the decision regarding the City Police Department. She noted that she took exception to statements made by Mayor Sangster. Mayor Sangster explained statements that were made and apologized for any miscommunication. Ms. Riddle also commented on credit taken by the current Council for actions originally initiated by past Council members, specifically the Main Street reconstruction, the footbridge, the sidewalk program, and plans for the Woolworth building.

Mr. Ray Lofgren introduced himself and commented on the Cheboygan County Board of Commissioners meeting and the amount of time Council has spent regarding the police services issue. He also commented on the City's financial difficulties and decisions facing Council.

Mr. Don Horrocks introduced himself and commented on the City Police Department and requested that Council review the budget thoroughly and possibly reduce snow plowing or eliminate overtime before making a decision to lay-off Officer Beaudry.

Councilman Kopernik commented on the Police Services Committee and Council trying to seek out long term solutions to address the City's budgetary problems. Councilwoman Lepp commended the Police Services Committee for the work involved regarding the police services issue.

- **Street Paving Project**

Mr. Bill Burnett introduced himself and thanked the City for the wonderful job done on the streets so far. He asked if C Street will be repaired this year. City Manager McNeil noted he is unsure if C Street is on the list or not. Mr. Burnett also commented on leaf pick-up. He also referred to an invoice pertaining to electrical service to the foot bridge and questioned why the City is paying that expense rather than the DDA. City Manager McNeil explained that all the bills appear on the invoice register. Mr. Burnett also questioned the expense for UP Engineers and asked if that is paid by the City. City Manager McNeil indicated that is a DDA expense. Councilman Jewell commented on the street paving project, explaining that two different crews are handling the project. He added that when all the paving is done the shoulder gravel will be done. City Manager McNeil indicated that paving is anticipated to be completed by the end of this week.

There being no further comments, the Public comment portion of the meeting was closed by Mayor Sangster.

Communications and Petitions

- **Presentation of Opera House Operations – Pamela Westover, Executive Director/
Cheboygan Area Arts Council**

Mrs. Pam Westover, Executive Director of the Cheboygan Area Arts Council provided a presentation on the Opera House budget and read a letter into the record requesting financial assistance from the

City for maintenance of the Opera House building. She also commented on working with the DDA and Downtown Enhancement Administrator Kirsten Guenther to bring people into local businesses in conjunction with Opera House performances. Mrs. Westover outlined various grant funding the Opera House received. Discussion was held regarding the appropriation to the Opera House, the possibility of financial assistance through the DDA and/or Cheboygan County, the subsidy provision within the management agreement between the City of Cheboygan and the Cheboygan Area Arts Council, use of the Opera House by area schools and other various organizations, and positive economic impact the Opera House provides to local businesses. City Manager McNeil explained that funds spent by the DDA must benefit the Authority in some way and meet the items within the DDA Plan and a legal opinion may be needed to determine whether the operation of the Opera House is directly helping the DDA. Mrs. Westover indicated that the County has not been approached because the original subsidy program as part of the management contract, was set up with the City as the Opera House is a City building and the appropriation is to maintain the building itself. Council discussed the importance of the Opera House and pursuing the possibility of a matched appropriation from the DDA. City Manager McNeil indicated that research would be needed in that regard but Council could structure a motion to that effect and discussion could be held by the DDA Board at their next meeting. Ms. Janet Gahn introduced herself and questioned if the City has been presented with a budget or a profit and loss statement for the Opera House and whether a list of potential fund raisers could be provided by the Opera House. She also commented on charging rental fees to schools and other organizations for use of the facility to cover the cost of utilities. City Manager McNeil stated with regard to the Opera House Budget the City has reviewed the information in the past. Mrs. Westover provided an outline of the various programs for students. Mrs. Angela VanFleet asked if the Opera House is working with the Cheboygan Area Tourist Bureau. Mrs. Westover noted that they met with the Cheboygan Area Chamber of Commerce and Mackinaw Visitors Bureau with the intention of routing tour busses to Cheboygan. Councilman Jewell recommended the appropriation to the Opera House be further discussed after consideration of the 2009/2010 First Quarter Budget Revision before making any decisions. It was the consensus of Council to consider the Opera House appropriation after addressing the 2009/2010 First Quarter Budget Revision.

Bills and Disbursements

- **Pre-paid Bills and Disbursements for the Month of September 2009**

Councilman Kopernik requested clarification on item 8 – Cheboygan County Treasurer Trust and Agency Disbursement in the amount of \$19,440.99. Clerk/Treasurer Kwiatkowski explained that pertains to property taxes the City collects that are directed to other units of government. Councilman VanFleet questioned item 26 – Gourdie Frazier, Inc. Trailhead Engineering Fees in the amount of \$660. City Manager McNeil indicated that the engineering fees are reimbursed by grant funds for the construction of the Western Avenue trailhead anticipated to be constructed in the spring 2010. Councilman VanFleet also questioned item 31 – Kreis, Enderle, Hudgins & Borsos for GLT Fees, Grant Reimbursable. City Manager McNeil indicated that pertains to bankruptcy proceedings and is reimbursed through a grant from the Northern Michigan Economic Development Corporation. Councilman VanFleet referred to item 53 – Priority Health October Health Care Premium in the amount of \$31,395.02 requesting that Council take note of that figure in light of discussion regarding the budget and that the item is a big line item on something that is somewhat controllable in his view. Clerk/Treasurer Kwiatkowski noted that the figure also includes the health care cost of the retirees. Mayor Sangster questioned item 27 – Inverness Township 1 Mil Tax Due, Walmart and Huron Estates. Clerk/Treasurer Kwiatkowski indicated that is an annual payment.

Councilman Bronson moved to approve the pre-paid bills and disbursements for the month of September 2009 in the amount of \$591,467.75. Seconded by Councilman Kopernik. A roll call vote was taken. Motion carried unanimously.

- **Unpaid Bills and Disbursements for the Month of September 2009**

Councilman VanFleet referred to item 12 – Hoffman, Charles September Legal, All Departments in the amount of \$5,160 and noted that the issue has come up on several occasions in terms of getting bids for that service. He asked if that will move ahead now since the County has reached a decision regarding police services. City Manager McNeil indicated he has already started working on a proposal statement and it could possibly be on the next Council agenda. Mayor Sangster agreed. Councilwoman Lepp questioned item 8 – Cheboygan Daily Tribune, Adds and Councilman Minutes in the amount of \$422.10 and item 11 on the Prepaid bills – Cheboygan Daily Tribune August Ads, DDA in the amount of \$702.40. Clerk/Treasurer Kwiatkowski explained that the prepaid bill was for DDA which arrived late. The previous month's Tribune bill had already been paid and he did not want the vendor to wait sixty days which would have been the case. Council discussed item 21 – North American Salt Co. Winter Salt, Streets in the amount of \$19,338.33. City Manager McNeil noted that is subject to bid through the State Authority.

Councilman Kopernik moved to approve the unpaid bills and disbursements for the month of September 2009 in the amount of \$39,620.26. Seconded by Councilwoman Lepp. A roll call vote was taken. Motion carried unanimously.

Boards and Commission Reports

- **Regular Human Relations Board Meeting – September 17, 2009**

City Manager McNeil stated that the Human Relations Board continues to plan the 2010 Martin Luther King Day event and is also looking for some partnerships and educational opportunities for the National Native American Heritage Day.

- **Special Downtown Development Authority Meeting – September 21, 2009**

City Manager McNeil reported that the DDA held a special meeting for a presentation from McKenna Associates regarding the Downtown Marketing and Way-finding Study. He stated that examples of way-finding signage were presented as well as a way-finding plan and within that study there were also evaluations of re-use possibilities for the former Woolworth building site. City Manager McNeil noted the re-use possibilities did not appear very promising based on limited profit margin on the redevelopment scenarios that were presented. He stated there was also a breakdown of information relative to a marketing survey that was done with regard to preferences from people that visit downtown. City Manager McNeil commented on the amount of good information for the DDA, Downtown Enhancement Administrator Kirsten Guenther and the Steering Committee to use for future marketing and initiatives. Council discussed redevelopment of the Woolworth site.

- **Regular Downtown Development Authority Meeting – October 6, 2009**

City Manager McNeil reported that the DDA reviewed a tree lighting proposal for the downtown presented by Ms. Char McClurg. He explained that Ms. McClurg has been working on a fund raising project to provide lighting on various trees in the downtown area. City Manager McNeil stated that the DDA approved the tree lighting proposal and committed to provide ongoing maintenance and assume electrical costs. He indicated that the DDA also discussed the Way-finding Signage Plan within the McKenna Study and approved the taking of bids relative to those signs. The DDA is hopeful to have additional grant funding to help pay for that project. City Manager McNeil noted

there was also discussion regarding marketing opportunities and direction that could be taken from the McKenna Study as well an update on the construction progress of the foot bridge. Council discussed the tree lighting project downtown.

- **Regular City Planning Commission Meeting – September 21, 2009**

City Manager McNeil stated that the Planning Commission is being very diligent relative to the definition of One Family in the amendment that was proposed to Council and the remand back to the Planning Commission from Council. He stated that the Planning Commission reviewed regulations under terms such as vacation rental in particular ordinance and licensing regulations of the City of Traverse City and looking to possibly adapt those into a recommendation for Council. City Manager McNeil reported that the Planning Commission is also in the process of developing By-Laws which are required as a result of the 2008 Planning Enabling Act and there are also other ordinance updates required as a result of the passing of that Statute that the Planning Commission has been working on. City Manager McNeil stated that the Planning Commission is also looking at the regulation of medical marijuana dispensaries as a result of the Michigan Medical Marijuana Act and crafting some ordinance language for Council's future consideration as well as reviewing ordinance language relative to the regulation of small wind turbine structures and facilities.

- **Regular Historic Resources Commission Meeting – September 28, 2009**

City Manager McNeil reported that the Historic Resources Commission approved two historical resource designations; one relative to a property at 414 Vale Street in recognition of the long standing history of the Poirier Family and the other for Mr. Michael Cunningham, the new owner of the Carnegie Library building.

Unfinished Business

- **Consideration of Ice Rink/Pavilion Management Agreement and Presentation of Annual Budget and Financial Statements Pursuant to Agreement**

Mr. Charlie Watson, Ice Rink/Pavilion Manager reviewed financial information with regard to the Ice Rink/Pavilion income and expenses. He reported on planned off-season activities including a circus, home show, arts & crafts show, wrestling and other activities outside of ice usage. Council discussed opportunities to use the facility during the off season as well as the possibility of year-round ice rental. Mr. Watson explained the challenges with scheduling activities during the off season because most summer activities are outdoors and there are many other events taking place in the community. He also explained that the cost for year-round ice would be significant and Cheboygan's facility would not benefit financially. Also discussed was snow removal and the cost effectiveness of contracting snow removal services, providing a pick-up truck with a plow, and the City crew continuing to plow when available. Mr. Watson commented on the revenue generated between September 1 and March 31 by the Ice Rink/Pavilion and that the poor condition of the parking lot in the winter does not reflect well on the City. City Manager McNeil stated that he could work with Mr. Watson to take bids on snow removal. He added that in his opinion, there is capacity within the Ice Rink/Pavilion operation to pay for snow removal and an opportunity to transfer that responsibility to the Hockey Association, which he is proposing for consideration by the Hockey Association and City Council. City Manager McNeil suggested that he and Mr. Watson discuss the snow removal issue further and bring back a recommendation to Council at the next meeting. Council discussed rates for various functions held at the Ice Rink/Pavilion as well as incentives for using local overnight accommodations. Mr. Watson explained that rates vary depending on set up and take down time for certain events. It was noted that the website promotes

local accommodations. City Manager McNeil stated that in so far as the agreement, he recommended tabling the issue.

Councilman Jewell moved to table consideration of the Ice Rink/Pavilion Management Agreement with the Cheboygan Hockey Association. Seconded by Councilwoman Lepp. Motion carried unanimously.

- **Consideration of Proceeding with Enforcement of Sidewalk Ordinance (Sections 98.46 and 98.47; also Chapter 33 Special Assessments)**

City Manager McNeil stated that Council tabled discussion on this issue at the previous meeting and asked him to review some of the services that would be provided by the engineer and how the City might otherwise be able to either complete those services in-house or provide some of those services in a more cost effective way. He outlined nine different points that are typically provided by engineers relative to construction projects and specifically how those may relate to the sidewalk project. City Manager McNeil stated that he and Superintendent Gall believe that items 2-9 of those particular services could be done in-house; however, they are recommending that an engineer be retained for the design drawings and creative specifications as well as to accompany Mr. Gall as a second opinion relative to special conditions. Council referred to previous discussion regarding engineering services including taking bids for services. City Manager McNeil noted that was discussed but he thought the priority issue was how to augment those services in a less expensive option so that is the issue he addressed. He added that if Council is agreeable with the scenarios being presented then proposals relative to engineering could be requested. Discussion was held regarding the abilities of contractors, the cost of an engineer, and whether an engineer is needed for the sidewalk project. Also discussed was obtaining proposals from engineers on fees for drawings and creating specifications. City Manager McNeil commented on the importance of ensuring that specifications are accurate and very clear, and that he has no disagreement with obtaining fees from various engineers for that service or others with similar experience. Discussion was held on the scope of the sidewalk project, what portion of the project is the financial responsibility of the City versus property owners, how many portions of City owned sidewalks are not in compliance, and enforcement of the Sidewalk Ordinance. Also discussed was the cost associated with asphalt versus concrete, the possibility of City staff providing demolition of the sidewalks being replaced as a cost saving measure, and ensuring the appropriate funds are available for the City's portion of sidewalk replacement. City Manager McNeil noted that cost estimates are part of the required information relative to the special assessment procedure. Council discussed tabling any action until more information relative to cost is available. City Manager McNeil commented that an accurate cost estimate is unknown until the area is defined. He questioned if the direction of Council is to proceed and whether Council is willing to take the recommendation relative to what area to start first. Council discussed reviewing the phases of the sidewalk project, specifically the order in which the sidewalks would be replaced, as well as the need to discuss the Mackinaw Avenue area more extensively. A lengthy discussion was held on prioritizing the sidewalk replacement and providing the overall cost of the project. City Manager McNeil suggested obtaining a cost estimate in-house on the City's responsibility for existing sidewalk replacement and creating a drawing for Council to review as soon as possible. He noted that if Council determines it feasible to proceed with the City's portion of sidewalk replacement, the inspection process would likely be initiated for enforcement of the Sidewalk Ordinance in the spring. Council discussed the special assessment program and incentive programs. It was determined that City Manager McNeil would provide Council with the City's cost relative to sidewalk replacement as soon as possible.

Councilwoman Lepp moved to table consideration of enforcement of the Sidewalk Ordinance, Sections 98.46 and 98.47 and Chapter 33, Special Assessments. Seconded by Councilman Jewell. Motion carried unanimously.

General Business

- **Consideration of 2009/2010 First Quarter Budget Revision**

City Manager McNeil referred to the 2009/2010 First Quarter Budget Revision, commenting that a balanced budget based on preliminary budget meetings is being presented. He noted that all of the programming that the City has typically supported remains in the budget as well as some appropriations to priority items within the Strategic Plan such as sidewalks and marketing. City Manager McNeil referred to proposed adjustments with regard to revenues within the General Fund specifically the anticipated increase in property tax revenue and reduction in State shared revenue. He reported that expenses came in under budget relative to some Recreation Center improvements, Opera House repairs, and street resurfacing debt as well as refund of a payment toward a fire engine that was paid off last year. City Manager McNeil commented that the end result of some of these revenue reductions and increases, and expense reductions and increases is an overall balanced budget with all the programming and other supporting activities that Council approved in June. He also referred to some minor budget adjustments in certain supply expense line items which he feels is an indication that department heads and staff are limiting expenses. Council discussed at length the elimination of one police officer position and possible cost saving alternatives to avoid the lay-off such as the fireworks program; marketing; the Opera House appropriation; sidewalks; elimination of future retiree health benefits; changes in benefits for existing employees; eliminating evening and weekend recreation programs; future equipment purchases; retirement/rehire program; implementing a city income tax; reconsidering the purchase of a new police vehicle and fire engine; and bidding out legal services. It was noted that many of the alternatives discussed represent short term solutions and that long term core changes need to be made. City Manager McNeil commented that his recommendation within the budget to reduce two police officer positions is based on Council's direction that all programs should continue, and that the priorities within the Strategic Plan are addressed. He noted that postponing the purchase of a police vehicle and fire engine are not being recommended. Additionally, the information provided is to assist Council in what options are available and at Council's disposal. City Manager McNeil stated that the budget being presented is based on cumulative efforts in strategic and budget planning and if Council is interested in retaining the seventh police officer position for the remainder of this budget year could eliminate the marketing budget; eliminate future retiree health benefits; reduce the Opera House appropriation by \$5,000 and reduce the Recreation Center interior maintenance program. Council discussed having more cost cutting scenarios provided by City Manager McNeil before adoption of the 2009/2010 First Quarter Budget Revision.

Councilman Jewell moved to table adoption of the 2009/2010 First Quarter Budget Revision until more information is available from City Manager McNeil regarding two further recommendations at the next City Council meeting. Seconded by Councilwoman Lepp. Discussion was held regarding including health care options within the cost cutting recommendations. City Manager McNeil noted that the health care issue would need to be addressed through the collective bargaining process. A roll call vote was taken. Motion carried.

Yes votes: Council Members Couture, Lepp, Kopernik, VanFleet and Jewell

No votes: Councilman Bronson and Sangster

Motion carried.

Councilwoman Lepp was excused from the meeting at 10:00 p.m.

- **Consideration of Request from The Opera House for a \$23,000 Appropriation**

Councilman VanFleet moved to table The Opera House appropriation until the next City Council meeting. Seconded by Councilman Kopernik. A roll call vote was taken. Motion carried unanimously.

- **Consideration of Reappointment of Ms. Renee Harrington to the Human Relations Board – Term to Expire October 14, 2012**

Councilman Jewell moved to reappoint Ms. Renee Harrington to the Human Relations Board, term to expire October 14, 2012. Seconded by Councilman Couture. Motion carried unanimously.

- **Consideration of Reappointment of Scott E. McNeil, City Manager and Richard B. Sangster, Mayor to the Human Relations Board, Term to Expire October 14, 2010**

Councilman Kopernik moved to reappoint Scott E. McNeil, City Manager and Richard B. Sangster, Mayor to the Human Relations Board - term to expire October 14, 2010. Seconded by Councilman Jewell. Motion carried unanimously.

- **Consideration of a Request from The Brook of Cheboygan, Inc. to Enter Into a Structured Payment Agreement for Water/Sewer Connection Fees**

City Manager McNeil stated that the developers of The Brook of Cheboygan are requesting that water/sewer connection fees be allowed to be paid in equal monthly installments over a six month period. He noted that the decision before Council is whether to vary from the current policy that requires connection fees are paid up front. Additionally, if Council is to consider this type of arrangement, he recommends that be predicated upon a connection fee of \$85,000 or more. Council discussed the current agreement at length.

Councilman VanFleet moved to deny the request from The Brook of Cheboygan to enter into a structured payment agreement for water/sewer connection fees and stick with the agreement already in place. Seconded by Councilman Bronson. A roll call vote was taken.

Yes votes: Council Members Sangster, VanFleet, Couture, Bronson and Kopernik

No votes: Councilman Jewell

Motion carried.

City Clerk's and Treasurer's Comments

- **City Audit**

Clerk/Treasurer Kwiatkowski commented that he received copies of the City audit and related information and will have the information to Council at the end of the week to review before the next City Council meeting. Councilman Kopernik recommended providing the audit on line.

City Manager's Report

- **Major City Park Plan**

City Manager McNeil requested that Council reserve December 9 and 10, 2009 as potential dates for presentation of the final Major City Park plan by the Michigan State University. He noted that a confirmed date will be announced as soon as possible.

Messages and Communications from Mayor and Council Members

- **Cheboygan County Board of Commissioners Meeting**

Councilman Bronson commented on the inability to work with the County concerning the City’s fiscal issues and that although the County is within their rights to decline participation, it is unfortunate that the decision was not made before so much time and effort was spent on this issue. He stated that he is frustrated that so many City residents were let down and that many citizens approached him to express their support of contracting police services and it saddens him that they also felt they were unable to express their support publicly. Councilman VanFleet concurred. Mayor Sangster commented on the difficult decisions facing Council.

Closed Session

- **Police Officers Labor Council Negotiations**

Councilman Kopernik moved to adjourn to closed session at 10:14 p.m. Seconded by Councilman Jewell. Motion carried unanimously.

Councilman Couture moved to reconvene the meeting at 11:35 p.m. Seconded by Councilman Bronson. Motion carried unanimously.

Adjournment

Councilman Couture moved to adjourn the meeting at 11:36 p.m. Seconded by Councilman Bronson. Motion carried unanimously.

Mayor Richard B. Sangster

City Clerk Kenneth J. Kwiatkowski

Councilman Nicholas C. Couture

Councilman William K. Jewell

Councilwoman Theo Lepp

Councilman Mark Bronson

Councilman Michael J. VanFleet

Councilman Roger Kopernik