

REGULAR CITY COUNCIL MEETING
February 14, 2017

The Regular City Council Meeting was called to order by Mayor Bronson in the Council Chambers at City Hall at 7:00 p.m.

Roll Call:

Present: Bronson, Temple, King, Riddle, Couture, Kwiatkowski and Lavender

Mayor Bronson led the Pledge of Allegiance to the Flag.

Approval of Agenda, and Receive and File all Communications:

Councilwoman Riddle moved to approve the Agenda and receive and file all communications; supported by Councilman King. Motion carried unanimously.

Approval of Prior Meeting Minutes:

Councilman King moved to approve the Regular City Council Meeting Minutes of January 24, 2017 as presented; supported by Councilwoman Kwiatkowski. Motion carried unanimously.

Bills and Disbursements:

▪ **Prepaid Bills and Disbursements for the Month of January 2017.**

Councilman Lavender moved to approve the prepaid bills and disbursements for the month of January 2017 in the amount of \$568,562.49; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

▪ **Unpaid Bills and Disbursements for the Month of January 2017.**

Councilwoman Riddle questioned the expenditure for a water fountain installation. City Manager Eustice replied it was a replacement at the Recreation Center

Councilman King moved to approve the unpaid bills and disbursements for the month of January 2017 in the amount of \$36,996.05; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

Department, Board and Commission Reports:

▪ **Planning Commission, January 16, 2017** - City Manager Eustice stated the next regularly scheduled Planning Commission meeting of February 20, 2017 will be cancelled because he and Planning Commissioner James Granger are trying to set up a meeting with Mr. Dick Carlisle to finalize the Zoning Ordinance, perhaps meeting halfway to take care of this and also due to a special Board meeting at Inverness Township.

▪ **Parks & Recreation Commission, January 18, 2017** - City Manager Eustice reported this Commission does not meet that often, but they are going to try and meet more often to work on the Recreation Plan for the next budget year, adding some discussion has already taken place. Mayor Bronson asked if there are any openings on this Commission. City Manager Eustice replied there is one opening and there is also one opening on the Planning Commission.

Regular City Council Meeting – February 14, 2017

Resolutions:

▪ **Consideration of Local Government Approval for Redevelopment Liquor License, Section 521a(1)(b) of PA 501 of 2006 for Nauti Inn Barstro, LLC, 330 N. Main Street** - City Manager Eustice informed Council the applicant name has been changed to Nauti Inn Barstro, LLC from Lange Productions, LLC. He explained the Redevelopment Liquor Licenses are intended for specific areas and downtown development authorities qualify for being able to apply for this license. The license is a little less costly than a regular liquor license. If there is not an available liquor license in the County, one can apply for a Redevelopment Liquor License, which is more specific to the business and not easily transferrable. It is a process that allows a business to obtain a liquor license and one stipulation is the owner has to invest \$75,000.00 into the facility. City Manager Eustice went on to state this building is the former Walkway Café/Asian Fusion, etc. Brian and Sharen Lange are basically going to develop it into a nautical type theme and have some very good ideas on how to renovate it. The City is also going to get them included in the Façade Program along with the Simply Marcella building and the Creation Station building.

Councilman Lavender moved to approve the Local Government Approval for Redevelopment Liquor License, Section 521a(1)(b) of PA 501 of 2006 for Nauti Inn Barstro, LLC, 330 N. Main Street; supported by Councilman Temple.

Mrs. Sharen Lange introduced herself, clarifying what City Manager Eustice stated. The Redevelopment Liquor Licenses are provided to communities as golden tickets from the State to communities and Cheboygan happens to hold six of them. They are very site specific and their license will stay with 330 N. Main Street. It is not an asset to them; it's non-transferrable unless another business were to come in and take over that establishment with that same business model. So, if for some reason they were to dissolve, the license goes back to Cheboygan and they cannot sell it to another. The \$75,000.00 is a basic investment they have to put into the building for consideration for that license. There will be an additional \$20,000.00 they will have to pay Liquor Control for that license at issue. Mrs. Lange went on to state they were referred to Mr. John Carlin, the leading Counsel for the State of Michigan for hospitality licensing. He is out of Gaylord originally and the law firm is now located in Southfield. Mr. Carlin and the senior partner in his firm handle all the resorts in Michigan and do all of the franchises. Mr. Carlin will be overseeing them, and he suggested for liability purposes to separate the building from the company that was holding that asset, which is the reason for the change. Mrs. Lange informed Council they do have the best guy in the State and he will be making sure everything will go completely and correctly.

A roll call vote was taken; motion carried unanimously.

▪ **Consideration of Resolution Approving the Sale of Properties** - City Manager Eustice stated we have been waiting a long time for this to happen and these are basically agreed upon deals with: (1) Kokosing Industrial, Inc. who is buying approximately three acres and 767 feet of Riverfront on the north end of the Port property for \$428,000.00. He noted that all three sales are cash sales, which will allow us to pay off our existing land contract that is just over \$410,000.00; (2) Morrish Marine, LLC, who already purchased 300 feet on the south end of the Port property will purchase an additional 368.5 feet, or roughly 1.4 acres, for \$148,000.00. We blended what Morrish had already purchased with what they are currently going to purchase so they are paying the same price as Kokosing at \$558.00 a front foot, so no favoritism is shown to either entity. (3) Little Traverse Conservancy, Inc. has signed an Agreement and should be closed quicker than the other two. They are purchasing 73.6 acres on the

Regular City Council Meeting – February 14, 2017

east side, part of it coming with the land acquisition of the Port property and a 19.5 acre piece that the City has owned since 1899 that was put into the sale so the Little Traverse Conservancy will have this waterfront in addition to the Duncan Preserve, they own already. The City's two pieces will tie into the Duncan Preserve piece and are predominately wetlands. The properties are for preservation purposes. The Conservancy is paying \$130,000.00.

City Manager Eustice went on to state the Purchase Agreements state 90 days to closing and by tomorrow he will have earnest money checks to Cheboygan Title and signed Purchase Agreements. From that point on we will set a closing date and feels it will not be more than 60 days out to closing. Everything that is necessary has been completed as far as baseline environmental assessments, surveys, and all the due diligence is in place. The Port Commission at their regularly scheduled meeting on February 6, 2017 made a motion to approve the sales and recommend to Council the sale of these properties. These three sales equate to \$706,000.00, which will be reduced some by closing costs and other fees. Then it will be the start of the Port of Cheboygan Marketing Program working with Kokosing and Morrish Marine (Ryba) to market our Port and try to attract manufacturing opportunities in Cheboygan that need water transportation. Planning Commissioner James Granger had asked what the function is of the Port Commission going forward, to which he responded it is probably going to increase because now we have to market it, and get on our road show, get to industrial type shows throughout the country, so we are going to partner with the Cheboygan Community Foundation who has committed to help us with some of the marketing as far as financial backing. The MEDC will (since a non-profit foundation is going to engage in an economic development opportunity) match the funding by the Cheboygan Community Foundation up to \$50,000.00. If the Community Foundation were set out \$25,000.00, the MEDC will match that for a total of \$50,000.00 for marketing campaign funding. City Manager Eustice noted for the Port Commission going forward this will be the change. We have gone through land acquisition to land sales transactions, and now are going into the marketing campaign. He then informed Council that both Kokosing and Morrish Marine (Ryba) have the licensing and regulatory requirements to ship and receive both domestically and internationally. They have the equipment and cranes, but will need to make improvements, as well. All improvements will be taxable. City Manager Eustice then commented he thinks this is good for Cheboygan and a big step towards the good of our future.

Councilman Lavender thanked everybody, including the Port Commission that worked so hard on this project, as well as the volunteers and people involved. Mayor Pro Tem Couture told the City Manager good job. City Manager Eustice thanked County Commissioner Richard Sangster for his work. Mr. Bud Darnell commented we need some \$15.00 to \$20.00 an hour jobs and this is our avenue to get there. Councilwoman Riddle stated it gives us a foot in.

Councilwoman Riddle moved to adopt the Resolution Approving the Sale of properties to Kokosing Industrial, Inc., Morrish Marine LLC, and the Little Traverse Conservancy; supported by Mayor Pro Tem Couture. A roll call vote was taken; motion carried unanimously.

Councilman Temple stated he was really doubtful the property would sell and he was wrong and is glad it sold. He stated he would be the first to admit it if he was wrong.

Unfinished Business:

▪ **Consideration of Resolutions for Deficit Elimination Plan for the Port Fund for the Fiscal Year Ending June 30, 2016** – City Manager Eustice stated Council made a motion three weeks ago in regards to the Deficit Elimination Plan, which was filed with the State of Michigan. Our Elimination Plan (5-year cure) was that we were selling these properties. The State asked what the City's second

Regular City Council Meeting – February 14, 2017

plan was in the case we don't sell the properties, so we are required to have a contingency plan. He then explained Plan "A" is that we are going to sell the Port properties to eliminate that deficit and Plan "B" is that we will have to take general fund dollars to supplement the Port Fund, which will not happen but we are still required to file this with the State of Michigan. Mayor Bronson commented that amount would be \$22,986.00. City Manager Eustice noted the Port funds were separate funds and you can't continue to hold a fund in a deficit from year to year. These filings need to be completed by the end of the month with the State of Michigan or they could withhold 25% of State Revenue Sharing.

Mayor Pro Tem Couture moved to adopt the Resolution for the City of Cheboygan Deficit Elimination Plan "A"; supported by Councilman King. A roll call vote was taken; motion carried unanimously.

Councilman Lavender moved to adopt the Resolution for the City of Cheboygan Deficit Elimination Plan "B"; supported by Mayor Pro Tem Couture. A roll call vote was taken; motion carried unanimously.

▪ **Consideration of Removal of Asbestos and Structure at 324 North "C" Street** - Director Public Safety Kurt R. Jones presented the Council with photographs of this property and an amended Memo on the Removal of Structure/Debris Removal Bid dated February 14, 2017. He explained the local contractor had to increase his bid by \$300.00 due to the increase in the cost of dumpsters, noting he was still the low bidder at \$9,250.00. On the asbestos removal, two quotes came in at \$1,800.00 and the other bid came in at \$2,080.00. The bidder on the \$2,080.00 asbestos removal also submitted a bid for demolition, etc. at \$8,800.00, totaling \$10,880.00 and making that the low bid. There were some things not included in this bid, so Director Jones' recommendation is, if Council decides to go with this project, to go with ASB Services of Traverse City to remove the asbestos material found by the survey in the amount of \$1,800.00; and award the demolition and debris removal, cement and block removal along with two outbuildings, and backfill with sand to the grade and then put in topsoil, seed and mulch all the disturbed areas to E.F. Wilkinson & Sons, Cheboygan in the amount of \$11,150.00 which includes the \$100.00 demolition fee to Cheboygan County.

Director Jones then stated an alternative is to not spend any money and let it go back to the property owner who got the property on a promise from the original owner, neither of which were insured. The current owner has no money and his alternative is to be cited every day for not cleaning this up or to sign a deed of the property to the City, with the City doing the demolition and cleaning it up, if Council wishes. Director Jones stated his fear is the property owner is going to abandon the property, even though we still cite him, and let it go for back taxes and let it sit for two more years. Councilwoman Riddle asked the size of the lot. Chief Jones stated it is 50' x 140' and is a rebuildable lot. Councilwoman Riddle then asked if it would be a viable piece of property for Habitat. City Manager Eustice stated it could be. Director Jones explained the property is located in the center of a block, briefly explaining the area. Mayor Pro Tem Couture asked if the person who purchased next to this property on tax sale would be interested in this property. Director Jones stated he has contacted him twice and he has not said yes or no. He stated he does not think we will have any problem selling the lot at current market value and does not think we can get all the costs and projected costs out of it. City Manager Eustice stated the value of just the lot may be as much as \$3,000.00. Councilman Temple asked if you can build on a 50 foot lot. City Manager Eustice replied yes, as lots that are less than 60 feet and are platted, are grandfathered in. He noted that one would need to meet the current setbacks, and that is why we see houses put in long ways on a lot. Councilman Temple said he thought a few years ago they talked about if you build on a lot in the City there has to be a door in the front of it on the street side. City Manager Eustice replied that is probably true. Councilman Temple

Regular City Council Meeting – February 14, 2017

stated there is a new house on Ball Street with no door facing the street.

Councilwoman Riddle suggested using the 324 North “C” property as a community garden site. City Manager Eustice stated that is possible, although it is not real large. He added that is what they are doing in Detroit. Mayor Pro Tem Couture stated his concern is the fact that we are doing anything at all and bailing someone out. Logically setting precedence, what happens when something happens with the next house and then the next one? Councilman King stated this is not the only home out there and his worry is opening up this can of worms. If we had the budget each year to take care of blight in our City, on a first come first serve basis we could take care of these things. He would then feel more comfortable or if we had grants to take care of these things. Councilman King told Director Jones he appreciates his hard work, but for him he feels very uncomfortable with setting that precedence. Councilwoman Riddle stated we already set that precedence with the former Woolworth building. Councilman King commented that was a commercial building. Councilwoman Riddle stated it is the same thing, as the property owner was allowed to get away with that. Councilman Temple commented if he remembers right that is how the former Ottawa Hotel was handled. Councilwoman Kwiatkowski stated with the City’s Blight Ordinance and with what we are trying to do with the blight and okay another officer, it is almost like are we going to take care of our blight or leave it. There are other people that don’t do clean up and are we going to be responsible. Mayor Bronson asked the City Manager if we explored a land bank. City Manager Eustice stated yes, and it would have to be done through the County. He had conversations with former County Treasurer Linda Cronan. Mayor Bronson then stated a land bank could enable Federal funding asking if there a possibility this can go ahead. City Manager Eustice answered yes, noting the new Treasurer is Buffy Weldon. Mayor Bronson stated the land bank may be a better long-term solution to some of these blighted problems. He then asked Director Jones if there could be a third motion that we would remove the asbestos and not demolish the building. Director Jones replied yes, that is Council’s prerogative. Mayor Bronson commented he is wondering for safety concerns getting the asbestos out of there and then deal with the County in two years.

Councilman Lavender stated there is a process that is available, but it takes a little bit of time where it is going to go back for taxes; we would condemn it and put a lien on the taxes and then the City would be made whole through the process. It is a longer process. He does not feel what was presented was our only options, as the process is already there and we have seen it done in other areas where there has been fires or condemned structures. Mayor Pro Tem Couture commented it is a decision between letting the process that is already in place continue on and is it okay for us to let the property, as seen in the photos, sit there and potentially create or enhance a precedence in this regard. Councilman King wondered if getting the asbestos removed could open the door for the property owner to get help in taking the building done, perhaps with volunteers to help this person out. Director Jones stated another consideration is do we want to let it sit for two more years, as it will be one year on April 1.

County Commissioner Sangster asked if in two years the property would ultimately still become a tax burden by the community to take down. Director Jones replied it could be taken down under the land bank. County Commissioner Sangster then commented there would still be a case by case basis in the future. Director Jones replied yes. County Commissioner Sangster stated he appreciates the uncomfortableness of spending the tax dollar now, but it alleviates the problem and appreciates the concern.

Councilwoman Riddle moved to proceed with the asbestos and demolition of the burned structure at 324 North “C” Street in the total amount of \$11,150.00; supported by Councilman Temple. A roll call vote was taken. Yes votes: Temple, Kwiatkowski and Riddle; No Votes: Couture, King, Bronson and

Regular City Council Meeting – February 14, 2017

Lavender. Motion failed.

Councilwoman Riddle asked what a land bank involves. City Manager Eustice stated it has to go through the County Treasurer's office to develop a land bank, noting many counties have land banks. County Commissioner Sangster asked for clarification of a land bank. Mayor Bronson replied a land bank would have money to buy properties that are blighted and then have them demolished. County Commissioner Sangster then asked if the property stays on the tax roll. Mayor Bronson stated usually the land bank funds itself and doesn't have the restrictions that a city would have. Councilman King asked if the sale goes into the land bank to replenish it. Mayor Bronson stated that would be determined by the plan. He then explained a land bank is primarily how the City of Detroit is funding all the demolition they are doing, with the monies coming primarily from Federal funding. Councilman Lavender stated Emmet County has a land bank, also. City Manager Eustice said he feels this is something the County should seriously look at as it's a very good option. Councilwoman Riddle asked what the cost of removal of the asbestos. City Manager Eustice replied \$1,800.00. Councilwoman Riddle then asked if the owner has the responsibility of taking care of the asbestos. Director Jones replied yes. Councilwoman Riddle asked what the process is for having the owner take care of the asbestos since it is hazardous. Director Jones replied the City has to follow the process under the Ordinance and issue a citation. Councilwoman Riddle asked if this will be done and will go through the Court system. Director Jones replied yes. Councilman Temple stated Director Jones said the owner didn't have any money. Director Jones responded when it comes to the Court, he is sure he will come up with some money, although he may not have the money to tear it down. Councilman Lavender asked if there has been discussion with the Blight Committee about a long-term solution, noting a land bank is a potential avenue? Director Jones stated they are trying to seek funding through grants, noting the City of Cadillac received one last year. City Manager Eustice stated there is more and more funding for this type of thing, as the State has freed up funding for the blight issue because there is so much blight throughout the State of Michigan in municipalities. Councilwoman Riddle asked what we are looking at in terms of time going through the proper channels with fines and court, etc. before the owner has to make good on his responsibilities. Director Jones replied he is going to call him tomorrow and tell him the outcome of tonight's meeting and then his first citation would be issued within a week to 10 days and then he will probably have a 30 to 60 day court process, which will depend on what steps he takes to answer that citation. Councilwoman Riddle then asked in the interim while we are waiting for that process to take its course, is there any protection that can be put on the property like putting plastic on the windows so things do not blow around in the elements. Director Jones answered most of the openings are boarded up. City Manager Eustice recommended, since the first motion failed, that Council at least address the second motion.

Councilman King moved to require the current property owner to remove asbestos materials and demolish and remove debris and outbuildings and clean-up the property in accordance with City specifications and take any enforcement action necessary; supported by Councilman Lavender. A roll call vote was taken; motion carried unanimously.

General Business:

▪ **Consideration of Reappointment of Russell Barrette, George Chorey and Richard B. Sangster to the Zoning Board of Appeals** – City Manager Eustice informed Council these three Board Members have expired terms and would like to reappoint them.

Mayor Pro Tem Couture moved to reappoint Russell Barrette, George Chorey and Richard B. Sangster to the Zoning Board of Appeals, terms to expire October 10, 2019, January 9, 2020 and January 9, 2020 respectively; supported by Councilwoman Kwiatkowski. Motion carried.

Regular City Council Meeting – February 14, 2017

▪ **Consideration of Reappointment of Susan Muschell, Donald Horrocks, Selina Hayden and Kenneth Sheldon to the Recreation Commission** – City Manager Eustice informed Council this is a five-member Commission and we currently only have four members, whose terms are expired and are willing to serve another term. We do need to add a fifth member. Mayor Pro Tem Couture asked if it has to be a City resident. City Manager Eustice replied yes.

Mayor Pro Tem Couture moved to reappoint Susan Muschell, Donald Horrocks, Selina Hayden and Kenneth Sheldon to the Recreation Commission, terms to expire July 1, 2019, July 1, 2019, July 1, 2019 and July 1, 2018 respectively; supported by Councilman Temple. Motion carried.

▪ **Consideration of Reappointment of Roger Kopernik and Christine Khan-King to the Planning Commission** - City Manager Eustice informed Council this is a seven-member Commission and these two Commissioner terms have expired and they have agreed to be reappointed to new terms. There is also an opening on the Planning Commission. Councilwoman Riddle asked how many of the members need to be City residents. City Manager Eustice replied five. Councilwoman Riddle then asked if he is counting Ms. King as a City resident. City Manager Eustice replied no.

Mayor Pro Tem Couture moved to reappoint Roger Kopernik and Christine Khan-King to the Planning Commission, terms to expire October 10, 2019 and January 14, 2020 respectively; supported by Councilman King. Motion carried.

▪ **Consideration of Contract for Governmental Business Legal Services, Lindsay & Lindsay, LLP** – City Manager Eustice stated this is basically a motion to authorize the City Manager to execute the legal services contract for Mr. Stephen Lindsay for Civil Counsel, which the Council previously approved.

County Commissioner Sangster commented Mr. Lindsay is very able bodied and has done a great job for the community, but he wants to remind everyone on the monumental step today in selling the Port property where we sought legal services from another service. Council Members made a lot of comments and had good discussion regarding negotiations with Inverness Township for so long, and would hope that Council would have a very comfortable understanding that their legal counsel is strongly behind you, if you are strongly behind the agreement with Inverness Township, in moving forward with the Meijer project. His ability to do it legally is certainly there and just hopes that Council is comfortable with the opinion of our legal counsel that he is intended to get that project and job done.

Councilman King moved to approve the Contract for Governmental Business Legal Services, Lindsay & Lindsay, LLP and to authorize the City Manager to execute the same on behalf of the City of Cheboygan; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

▪ **Consideration of Contract for Legal Services – Ordinance Enforcement/Criminal Prosecution – Thomas R. Hungerford** – City Manager Eustice stated Council previously awarded the ordinance enforcement and criminal prosecution legal services to Mr. Thomas R. Hungerford and approval is needed for the City Manager to sign the contract. He noted both contracts are three year contracts and in both contracts they are binding, but open-ended. In the case of Mr. Lindsay, either party may terminate his contract with 30-days written notice without any cause. The same with Mr. Hungerford,

Regular City Council Meeting – February 14, 2017

although his contract has a 90-days termination. He wanted the Council to know they have an out with either of the legal services contracts.

Councilman Lavender moved to approve the Contract for Legal Services – Ordinance Enforcement/Criminal Prosecution – Thomas R. Hungerford and to authorize the City Manager to execute the same on behalf of the City of Cheboygan; supported by Councilman King. A roll call vote was taken; motion carried unanimously.

Public Comments:

County Commissioner Richard B. Sangster introduced himself stating a letter from the Inverness Township to some residents was circulated regarding the Meijer Project that stated the REUs, if under a Utility Service Agreement, would then go to lower their debt and with a 425 it would not, asking if this is true for clarification purposes. City Manager Eustice stated that is not the case, and in either case the Township will be able to levy their REUs on the sewer. County Commissioner Sangster stated he does not know where the negotiation is on a public level, and feel free not to answer this, but in a 425 Agreement that the City is potentially offering, what is the millage rate the City is offering the Township. City Manager Eustice stated it is not concrete but 3 mills and 12 mills were discussed because the 3 mills is what the Township can otherwise levy right now. There certainly could be other reasons not to give them anything. Commissioner Sangster then asked is not the current 425 with Walmart an extra mill then they are legally levied. City Manager Eustice answered it is 1.9 and their general operating is only a mill, but they levy their operating and fire millage.

County Commissioner Richard B. Sangster encouraged Council to read the Recreation Commission minutes, noting on page 7 half-way down in the minutes, this is something for anyone who has worked hard, and the Council has and the previous people have, he finds it a little disheartening. He feels we have been rolling a rock uphill for over a decade here. He stated as a County Commissioner the County will continue to work with the City, adding he is available for comments. Councilman King stated he hopes Commissioner Sangster brings this up to the County Commissioners. Commissioner Sangster replied he will.

City Manager's Report:

- **MEDC Meeting on February 10, 2017 in the Opera House** - City Manager Eustice stated there was a very nice turnout for the recent MEDC meeting, somewhere around 125 people. Mr. Steve Arwood, CEO of the MEDC spoke and Mr. Christopher Germain, Planner, made a very good presentation on the Redevelopment Ready Communities which we are engaged in and trying to get that certification, which was the main purpose for the meeting. There was also had a presentation by Mr. Ken Yarsevich from Pure Michigan Campaign on what Pure Michigan is doing for the community, which is funded by \$50,000.00 from the Tourist Bureau and the MEDC matches that, so each year they have \$100,000.00 to do radio spots (mainly in southern Michigan). Although it is hard to measure, he thinks it is working very well to get some tourism dollars here. A brief presentation was done on the Main Street Program, with the City being at the Associate Level and are working to get to the Select Level. City Manager Eustice then reviewed the MEDC representatives who attended. Mayor Bronson commented on the spending in the Cheboygan area is \$450,000,000.00 a year. City Manager Eustice replied yes, on tourism in Cheboygan County, which includes Mackinaw City. He noted the Mackinaw City portions of Cheboygan and Emmet Counties are separated as best they can.

- **Meijer's** – City Manager Eustice informed Council the City has been in negotiations with Inverness Township and have a final draft of the Utility Service Agreement, which the Township has, and yesterday we told the Township that if they want to go into the water supply business and they

Regular City Council Meeting – February 14, 2017

want to distribute water to the site, then a Utility Service Agreement is the way to do it. He is not certain the Township has made a decision to go that direction. The 425 Agreement is an option and thinks their Board is leaning somewhat they way, as well. City Manager Eustice then stated next Monday, February 20, 2017, they will hopefully make a decision to go one direction or another. Councilwoman Riddle asked if a 425 Agreement would delay things. City Manager Eustice replied not necessarily, noting there would have to be negotiations and a public hearing with the City of Cheboygan and a public hearing with the Township, which requires 15 days notification. He thinks a 425 Agreement could move along just as quickly as a Utility Service Agreement. Mayor Pro Tem Couture stated if the Township chooses the route of a 425 Agreement it is then on the City to discuss that and to enter into negotiations with them. We have a lot of things to look at from the City level with a 425 Agreement and the cost to the City and cost to City taxpayers and the liability that comes with that versus what the overall benefit to the community is. There are tax recaptures on a 425 Agreement that would be on the City. Mayor Bronson asked if there has been discussions on a 425 Agreement, as a motion at the last Township meeting was a dual path of negotiations. City Manager Eustice replied yes, stating the Township also has a draft of a 425 Agreement. It is very similar to those on the Walmart and Huron Estates properties. It is basically just a matter of negotiating how that millage rate is going to be separated. As County Commissioner Sangster mentioned, right now we have talked about 12 mills to 3 mills on a 425 Agreement but it does not have to be that as it is not set in stone. Mayor Bronson commented that is a negotiation process along with length. City Manager Eustice replied yes, adding they have talked with their administration about 25 years because their debt on the sewer retires in 2042. Mayor Bronson wanted to clarify from County Commissioner Sangster's question that even with a 425 Agreement that property remains in the sewer district. City Manager Eustice replied yes, as far as the use of the sewer and Meijer's would contribute to help pay off the debt. The main property, 38.8 acres is not in the US 27 DDA, so that property could be under a 425 Agreement and we just have to have easements to tie into their sewer and they would get the REUs from that property. Councilman Lavender asked if there has been discussions on what properties are being looked at to include in a 425 Agreement or is it just the Meijer properties or is it encompassing more along that corridor. City Manager Eustice answered there has been some discussion about that. Again, for a 425 Agreement to work we would only need those two main properties that are not in the US 27 DDA and/or the sewer district, which is where the main building is going to go. Most of the taxable value is going to sit on those two properties. The gas station and the out lot on the site plan are in the US 27 DDA District. If there was a 425 Agreement on those back two properties, we will get a 12 inch watermain out there, which Meijer's would have to pay for (or in either scenario) and then we could sell water, in the case of a 425 Agreement, to the out lot and gas station at 1 ½ times what City residents pay because they would be non-City residents. The main store would become a City property. There is some concern with City staff that the tax dollars we are going to get isn't enough for the services we have to provide, because we would get about \$71,000.00 in new taxes - \$57,000.00 would go to General Fund so we can levy our debt millages against the property, which is about 4.1 mills that equates to another \$14,000.00 that we would get to help pay the debt from our debt millages. But, is \$57,000.00 enough to provide services. Mayor Bronson stated you could say that about any piece of property, noting he pays \$600.00 a year and feels he gets more than \$600.00 in value from the City. Councilwoman Riddle pointed out the Mayor lives in the City and the Meijer property is in the Township. She then stated we shouldn't be short-changed and should at least get what we put into it. We need to look out for the City residents, and are doing a benefit to Inverness Township, and if we don't at least to get our costs, then we shouldn't be doing it. Mayor Pro Tem Couture stated he does not want any more of our staff time used on this matter until there is a decision from the Township Board because we don't even know if there is going to be a decision made or what it is going to be. He does not want to say wasted time, because it is not, as this is an important project to our community. But it's not on the City yet. We have done what we need to do.

Regular City Council Meeting – February 14, 2017

- **State Street Bridge** – City Manager Eustice reported the State Street Bridge is going to be open to two-lane traffic next Wednesday, February 22. We have had some inquiries as to when they were going to go to one-lane, as initially we were told there would be one-lane traffic for three to four weeks. This is a good thing for the businesses on the east side. The contractor is a little behind, but pretty much on schedule.
- **March Board of Review** – City Manager Eustice announced the March Board of Review will be Monday, March 13 (9:00 am to 12:00 noon and 1:00 pm to 4:00 pm) and Wednesday, March 15 (1:00 pm to 4:00 pm and 6:00 pm to 9:00 pm). March 7 will be the Organizational Meeting at 5:15 p.m.
- **Budget Meeting – February 28** – City Manager Eustice announced the second Budget Meeting will be held February 28 at 5:00 p.m., prior to the Regular City Council Meeting. City Manager Eustice stated Clerk/Treasurer Kwiatkowski will be back tomorrow and will have time to gather the data requested.

Messages and Communications from Mayor Pro Tem and Council Members:

- **Michigan Main Street Program** - Councilwoman Riddle brought up the request to have two Council Members involved with the Michigan Main Street Program training. City Manager Eustice stated they are trying to get six participants, which is number allowed by the MEDC. There are two separate training sessions (different topics) and you do not necessarily have to attend both. There will be at least one DDA member, two Council Members, the Chamber Director, Kirsten Guenther and himself. A brief discussion was held. The training sessions are July 18 in Owosso and August 17 in Grayling. Councilwoman Riddle stated there was not much interest in the April and May sessions. There was another comment Kirsten Guenther made about attending both sessions. Mayor Bronson asked that Ms. Guenther send out an e-mail because if we are only allowed six attendees, she did not know that at the time, we better do a head count before we try and recruit more. Councilman King asked to be placed on a sub-list.
- **Council City E-Mail Accounts** – Mayor Bronson stated he has not yet received an e-mail on his City e-mail account.
- **Microphones & Transcription** - Councilwoman Riddle asked Deputy Clerk Janet Gahn about discussion held before the meeting concerning the inability to pick up some voices in transcribing. She asked if there is difficulty hearing some members of Council, noting she has difficulty hearing Councilman Lavender. Deputy Clerk Gahn stated she can hear Councilwoman Riddle, Councilman Temple and Mayor Pro Tem Couture, noting the other voices fade. She noted this is an issue with any Board or Commission. Mayor Bronson commented on getting lapel mics. City Manager Eustice stated this might be the best option and will get some pricing.
- **Parks & Recreation** – Councilman King commented when he ran for Council he really wanted to focus on parks and recreation. It is very discouraging on the relationship between the County and the City. For the County to bring up an issue from 20 years ago is stalling progress and something that can benefit everybody in the County. He thinks it is completely irresponsible to have that mindset if you are in those positions. He noted with regards to the recreation property if we don't do something with it then we should get rid of it, as it is prime location for commercial development. The fact is we have no public restrooms and have porta-johns on the field and we can do better than that. If we can work together with the County on it, it can really be a gem in our community. It is all on us as City taxpayers, when it is something that is benefiting a majority of the people that live outside the City. Councilman King again stated we really need to get out of the mindset that we live here or there; no, we live in Cheboygan County. If something like Meijer can happen for opportunities for young families to move here, if you take a look at some of the facilities we have they might think twice about it. Now that the Port is kind of pushed aside, Councilman King would like to see the City work on the

Regular City Council Meeting – February 14, 2017

parks & recreation more and he would like to be more involved with the Recreation Commission and even get a dialog going with the County Commissioners to try and smooth this out and really project what we want to be down the road. Councilwoman Riddle commented she used to be a member of the Recreation Commission when she was on Council initially, noting there has not been a Council person on the Recreation Commission for a while. The appointment of Councilman King to the Recreation Commission will be placed on the next Council agenda.

▪ **CCE Council Appointment** – Mayor Bronson noted that Councilman Lavender has a conflict in attending the CCE Board meetings asking if anyone else is willing to do this, adding they take place once a month on a Wednesday at 3:00 p.m. Councilwoman Riddle asked where the meetings are held. Councilman Lavender stated they are moving the meetings around to different areas, other than the 911 Center. Mayor Bronson commented the meetings usually last 2 hours. Councilwoman Riddle stated being retired she would be able to attend those meetings. Mayor Bronson noted there is a meeting tomorrow. Councilman Lavender noted it is at the Central Dispatch Building, on US 131 at 4:00 p.m. tomorrow. County Commissioner Sangster commented there are no signs for the building.

▪ **Intergovernmental Meetings** – Mayor Pro Tem Couture asked if there has been, in the past, an intergovernmental committee in the City or County. City Manager Eustice replied yes. County Commissioner Sangster said they met a couple times while he was Mayor and then it fizzled out. He is presently on that committee at the County and will find out information. Mayor Bronson commented the Townships involved were Benton, Beaugrand and Inverness. Mayor Pro Tem Couture commented no matter who is involved in it and what the topics are, it is just the group of people that are going to spearhead that talk and bringing it back to their Board to relay the message of let’s work together at some level and then come up with a priority list. This would be similar to what is done with the police and fire departments and there should be the same relationship with the governmental units.

Adjournment:

Councilman King moved to adjourn the meeting at 8:36 p.m.; supported by Councilman Lavender. Motion carried unanimously.

Mayor Mark C. Bronson

Clerk/Treasurer Kenneth J. Kwiatkowski

Councilman Joseph Lavender

Councilwoman Winifred L. Riddle

Councilman Vaughn Temple

Councilman Nathan H. King

Mayor Pro Tem Nicholas C. Couture

Councilwoman Betty A. Kwiatkowski