

REGULAR CITY COUNCIL MEETING
June 27, 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: Riddle, Kwiatkowski, Lavender, Bronson and Temple

Absent: King and Couture

Councilwoman Kwiatkowski moved to excuse Councilman King and Mayor Pro Tem Couture; supported by Councilman Temple. Motion carried unanimously.

City Manager Eustice stated there is an addition to the Agenda, 4B, following the Approval of the Agenda, Response from Inverness Township and Attorney Tim MacArthur – Water Only, Utility Service Agreement.

Mayor Bronson led the Pledge of Allegiance to the Flag.

Public Comments:

Mayor Bronson announced that he requested Public Comments be moved to the beginning of the Agenda. He then stated that public comments is the designated time to address any topic not on the Agenda. People wishing to address the Council should come to the podium, introduce themselves so we have a public record, and comments are to be addressed to the Mayor and Council, not to staff or other persons in the audience. He then moved into Public Comments.

Mr. Ray Lofgren asked if there will be public comments at the end as usual. Mayor Bronson replied no, they are moving them from the end to the beginning of the Agenda. Mr. Lofgren then asked if the Mayor will take comments on the Inverness Agreement. Mayor Bronson replied that anything that is on the Agenda they will follow procedures for discussion and comment. Mr. Lofgren stated he has been present for a lot of meetings concerning the 425 and the USA. He said he wanted to reiterate when they were at Inverness and waiting for the vote to come back, it was his opinion that Meijer's wants a 425. It is the opinion of the Attorney for Inverness Township that he thinks the Township would be better off with a USA and, is assuming, that is the notice they have given to the City. Mr. Lofgren commented himself and a lot of people think it's a waste of money to talk about an agreement and that if the Township wants to continue to hold up the Meijer's project that any more studies done on the USA should be able to be billed to the Township and he reserves any comments until later.

Approval of Agenda, and Receive and File all Communications:

Councilwoman Temple moved to approve the Agenda, with the addition of 4B, Response from Inverness Township and Attorney Tim MacArthur – Water Only, Utility Service Agreement, and receive and file all communications; supported by Councilman Lavender. Motion carried unanimously.

Response from Inverness Township and Attorney Tim MacArthur – Water Only, Utility Service Agreement:

City Manager Eustice stated at the Special City Council Meeting on May 30, we proposed a 425 Agreement to Inverness Township with three options, those being the legal descriptions of the 425

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Agreement – option one to include the entire sewer district, the second option was to include property to VFW Road to the River to Townline Road from the City limits, and the third option was to include in the 425 Agreement all 11 parcels that Meijer's, Inc. owns in Inverness Township. We requested that the Township respond to the City of Cheboygan by June 22, 2017. Inverness Township held a Special DDA Meeting and a Special Township meeting and rejected the 425 Agreements as they were written. The Township told the City they would respond with what their wishes were by June 22, 2017 and they have. We have a response to our City Attorney, Stephen Lindsay, from Inverness Township's Attorney, Tim MacArthur. He then read the letter for the record, being dated June 21, 2017, as follows:

Dear Mr. Lindsay: I am writing at the request of my client, Inverness Township. Inverness Township is proposing a water only, Utility Service Agreement, with the City of Cheboygan. The township believes this is the most expedient way to get the Meijer project here. The township board is not interested in rewriting the sewer agreements at this time. The township will next meet on July 11, 2017. The board members would like a response to this proposal from the City by Thursday, July 6, 2017. Thank you for your attention to this correspondence. Sincerely, Timothy P. MacArthur

City Manager Eustice stated the Township rejected the 425, as written, and there was also a USA on the table that the City and Township had worked on very diligently for about four months. The City of Cheboygan hired a consultant that cost \$5,000.00 to help us put together the USA. That is an option that we still gave the Township and in that option we did want to rewrite some language in the USA and the original Sewer Agreement and we wanted to include both utilities, water and sewer into one agreement. The Township's response was they want a water only USA, leave the existing Sewer Agreement alone, which is basically an original agreement and three amendments to the agreement. The City wanted to consolidate into one USA. The 425 Agreement he thinks is still a viable possibility, but the Township does not seem to think so from what we saw at their last meeting. At this point, the City of Cheboygan's Meijer Committee met today at 1:00 p.m. and had a lengthy discussion as to how to respond to this letter and what the Township's wishes are. We had a long conversation and consultation with City Attorney Stephen Lindsay, we came to the consensus that we should now enter into a developmental agreement with Meijer's only and that we should negotiate with Meijer's on how to get those two utilities to the site. He thinks that will be addressed here tonight because it is now an agenda item that we need to discuss and have a motion of how to respond to Mr. MacArthur's letter. Councilwoman Riddle asked if all three options on the 425 Agreement the City offered to the Township were rejected and the USA that included water and sewer that had been worked on for four months was also rejected, as Inverness Township just wanted to go with water. City Manager Eustice replied there was not a motion made to reject the USA, they just responded with a water only USA. He then stated the Inverness Township DDA also reviewed the 425 Agreements and made a recommendation to the Township Board, but the Township Board did not respond to that recommendation, basically not considering the changes the DDA wanted to make in the Agreement. Councilwoman Riddle asked if the Township DDA was willing to remove those parcels out of the DDA District and have those be part of the 425 Agreement. City Manager Eustice replied yes, that was their recommendation. Mayor Bronson commented there were also some other conditions. City Manager Eustice stated these changes in the conditions may not have been satisfactory to the City, which is something we could have certainly looked at and negotiated. Councilwoman Kwiatkowski stated she was of the understanding that the Township had a closed meeting before their open meeting, asking if that is legal and does it make any difference. City Manager Eustice replied he does not think so, noting they had legal counsel there that advised them it was proper. Other than that, he has no comments. Councilwoman Riddle asked if we are going to discuss the developmental agreement with

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Meijer. City Manager Eustice stated the City's Committee is recommending that we look at a developmental agreement where Meijer will be our customer and we have that agreement finalized and have always had that ability. We are also going to use this developmental agreement anyway with a 425 Agreement, which is typical. This is a developmental agreement/USA between Meijer and the City of Cheboygan. There will have to be some issues resolved such as easements and how we are going to get the line to the site; this will have to be negotiated with Meijer's. The City's position is that if we run both utilities we are asking Meijer's to fund the project entirely. This will all be part of the negotiations with Meijer's when we get to that point and see what Meijer's wishes are. Mayor Bronson opened up to public comments.

Mr. Raymond Lofgren stated he hopes the recommendation of your Committee is taken wisely by the rest of you and a direct communication does go to Meijer's. However, the Inverness DDA has been very forthcoming with wanting to get the Meijer's project going and thinks they will still be advantageous to work with. He does not really think the Board of Inverness really knows the indebtedness that they are trying to put on the Township residents, because there has been conversation of the City's water system being in the hundreds of millions of dollars to service good water safety and fire. To service Meijer's is a very big achievement and if the City can work it out and legally do it, three years and two months is long enough to wait.

Councilman Temple moved that Council reject the 425 Agreement as amended by the Township DDA; that Council also reject the Utility Service Agreement (USA) as presented by the Township; and that the Council instruct the City Manager to negotiate a water and sewer agreement directly with Meijer; supported by Councilwoman Riddle. A roll call vote was taken; motion carried unanimously.

Approval of Prior Meeting Minutes:

Councilman Lavender moved to approve the Special City Council Meeting Minutes of May 30, 2017 as presented; supported by Councilman Temple. Motion carried unanimously.

Councilwoman Kwiatkowski moved to approve the Regular City Council Meeting Minutes of June 13, 2017 as presented; supported by Councilwoman Riddle. Motion carried unanimously.

Public Hearing:

Consideration of Adoption of the Fiscal Year 2017-18 Operating Budget for all Funds of the City of Cheboygan - City Manager Eustice stated the proposed 2017-18 General Fund Operating Budget is very similar to last year. It is \$2,117,095.00 and is actually about \$39,000.00 to \$40,000.00 less than what was proposed last year. We have not had a significant amount of property tax increase nor State Revenue Sharing, which are the only two funding sources that we use for the General Fund Operating Budget. We are requesting a similar budget that we operated under in 2016-17. City Manager Eustice went onto state with regard to the Sewer Account for the FY 2016-17 we are going to have to pull about \$120,000.00 from the General Fund to meet budget. Clerk/Treasurer Kwiatkowski clarified what they are actually going to have to do is dip into the Fund Balance in the Sewer Fund, as it's illegal to take money from the City's General Fund and use it for a utility. City Manager Eustice also clarified that he meant to say the Sewer Fund's General Fund. He stated we had a lot of expenses on the sewer side and the water enterprise fund was pretty much at budget; it begs the question that we have talked about frequently is raising rates. We are at a point not only do we possibly need to raise rates to do infrastructure improvements, we are to the point where we need to raise rates just to meet budget. This is something we will need to look at in the next fiscal year. Councilwoman Riddle asked when the last increase was. City Manager Eustice stated he believes

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sewer was 2002 and there was a water increase in 2009 when we did the east side watermain project. There has not been an incremental increase rolled into the water or sewer accounts, which means we did not have a percentage increase rolled in there every year – it's been a flat rate since that time. That is something we will probably suggest. DPW Director Karmol has suggested a ready-to-serve charge, which will be basically a flat rate on all water customers, but we may need to look at a percentage increase or automatic incremental increases every year, whether it be 1% or one-half of one percent, but we should roll something into the sewer rates that stays up with the rate of inflation, at least. Otherwise we get behind on project improvements and that sort of thing. Mayor Bronson commented then we have to make the big jump because we are in a deficit. City Manager Eustice commented we are dipping into the sewer fund of \$120,000.00 just for operating right now. Mayor Bronson stated we came out pretty much whole after the electrical incident at the plant. Clerk/Treasurer Kwiatkowski stated right now we have about a \$120,000.00 receivable. There is \$78,000.00 that we paid for all the repairs to vendors that wanted us to pay them. That money is really not part of the budget and will be covered by the proceeds of the next check from our insurance company. We were expecting something before now but we have not seen anything yet. With the end of the fiscal year he will have to set this up as a receivable in the general ledger. The other thing that is a plus is with all the work we did in repairing everything, there has been over 1.1 million dollars in expenses that will all be capitalized, as it is all capital expenditures/improvements to the plant. It does not help us as far as cash flow, but it does as far the fund balance because it takes that into account. Mayor Bronson said the replaced equipment is better than what we had and more efficient. We may not necessarily see a cash difference, but the efficiency gets better. Councilman Lavender asked what the sewer fund balance is that you say we have to dip into for one hundred and some thousand dollars. Clerk/Treasurer Kwiatkowski replied the cash balance in the sewer fund is a little over \$700,000.00 and the cash balance in the water fund is about the same. We have between 1.3 and 1.4 million in cash in those two funds. City Manager Eustice commented the fund is healthy, but also there is a lot of expensive equipment and if we had a catastrophic event where it's not insured, \$700,000.00 might not be enough. Mayor Bronson stated Council talked at the last meeting about some of the expenses we might have on that side with ditches and repair work near Kiwanis Park, noting the costs come from the water fund. City Manager Eustice stated the aging sewer system we have was built in 1977 and it's basically obsolete today so it's very difficult to get parts and parts we can get are very expensive. Mayor Bronson then stated we have had parts custom built. City Manager Eustice said the DDA Fund has been pretty steady, noting we had a little increase in revenue because of the Credit Union and Major and Local Streets are pretty consistent. The only other fund we have a concern with is the Ice Rink/Pavilion Fund; we are basically drawing \$20,000.00 to meet budget from the fund and we need to balance through increased revenues versus the expenses; however, expenses are going up as the building begins to age. He and Clerk/Treasurer Kwiatkowski project in two to three years we are going to need to subsidize the Ice Rink/Pavilion Fund from the General Fund to meet budget. This is one of the things that the Recreation Commission is looking at. We have had some conversations with some on Council and now Councilman King is a liaison to the Recreation Commission and we are going to look very seriously as to how we can generate revenue there to get that back in the black, as it is running in the red. Councilwoman Riddle stated there were a lot of capital improvements that were needed at the Rink so we had a lot of expense, asking if it is still, even after those expenses have been taken care of, that we are still going to be in the red. City Manager Eustice replied yes, stating fortunately, because of the Spies Trust Fund, those major improvements were paid for by that Fund and now those monies are exhausted. We don't have those monies to put into capital improvements at the Rink. City Manager Eustice commented the improvements were excellent as far as the new air make-up unit that replaced two units and we insulated the ceiling that helped with the condensation issue. The building itself is in good condition; the compressors are 24 years old and they probably

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have 4 to 5 years of life on them but they are at the end of their useful life and they are \$300,000.00 per unit. Mayor Bronson asked if there is a need for a new Zamboni that would come from the Rink budget. City Manager Eustice replied yes, adding we really should have a back-up Zamboni. We are still paying on the current Zamboni we have, but if that goes down there is a lot of lost revenue. Mayor Bronson stated it would not be good if the Zamboni went down during a tournament, especially, and would not be a good word of mouth out in the field. We need to find more revenue for the Rink. City Manager Eustice said we need to find revenue not only for the Ice Rink but for all of the Parks & Recreation, which is what the Recreation Commission is looking at right now. Mayor Bronson stated this will be addressed later in the Agenda. Councilman Lavender stated Council had budget workshops earlier this year, which were great, and during that they had gotten the proposed budget for 2017-18 and one of his main complaints last year was that we are adopting a budget that we got Friday before the meeting and again the budget received at the budget workshop is totally different than the one received Friday to adopt today. He understands that some of the changes are based on activity for the accounts, but there are a lot of different changes in this Budget and he cannot adopt something like that in such short notice when the budget workshops, in his opinion, were intended to work on the proposed budget for the following year, but we did not have those numbers at the time. Councilman Lavender added we are back to the same complaint he had last year. City Manager Eustice asked if Councilman Lavender would like to see the document early in June. Councilman Lavender replied absolutely, even in April as a proposed budget of what they are supposed to be adopting now for the next fiscal year, not just the Friday before the Tuesday they are supposed to adopt it. If he would have had this requested budget during the budget workshops he could have asked the questions as to why the changes in the requested budget from last year to this year, but now we are at the 10th and 11th hour and it needs to be adopted. City Manager Eustice asked Councilman Lavender to give him examples, as he did not think there was that much of a difference. Councilman Lavender stated on page 1 there are 10+ line items that are different from the budget at the budget workshop and there are 35 pages to the Budget. Clerk/Treasurer Kwiatkowski explained the requested Budget is based on historical numbers; it really mirrors what is needed to run the City. Councilman Lavender said he gets that a lot of these things will change based on the prior activities, but there are a lot of prior activities that have been significantly different but the budget number is the same. His comment is basically they are getting the Budget on Friday before the Tuesday they are supposed to adopt it and all the numbers are different from all the budget workshops held over the last few months. Councilman Lavender stated one of the very important things they do as City Council is adopt a budget, but we have very little information or little time to digest the 35 page budget document and different line items. Councilman Temple asked if the Budget has to be adopted tonight. Mayor Bronson replied the Budget has to be adopted by Friday. Clerk/Treasurer Kwiatkowski explained the one thing that can be done anytime is the Budget can be amended. If Councilman Lavender has a list of questions for either the City Manager or him they have all the entire upcoming fiscal year to address those and can address those as quickly as they get them. In his 22 years working for the City with former City Manager McNeil doing 60 budgets, it was typically always like this. He would go based on past experience and try to figure out if there were any big capital needs or projects that needed to be done in the upcoming fiscal year and those would be plugged in. He recalls that the only budget workshops they had all those years was always between department heads and then there was a public hearing at the Council meeting to present the budget. Certainly if Council adopts it and wants to look it over and want answers, they can give Council all the rationale. Councilman Lavender stated he understands it is a working document. For instance the County gets their proposed budget in September, and every meeting from there on out they go over every department and all the lines and explain to the County Commissioners why there is a difference in those line items. It is not that uncommon for other cities to go over the budget line items when there are changes in the budget.

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Probably 90% is just activity or some kind of emergency or repair, but just because it has always been done that way why do we have to continue that way. Clerk/Treasurer Kwiatkowski said they could easily through a series of Council meetings go through the ones Council would want to consider, i.e. the general ledger, noting major & local streets are pretty consistent year in year out, adding the other two big ones are the utilities. If Council wants to do that they could go a section at a time. Councilman Lavender stated that is what he thought they were going to do at the budget workshops, but the proposed budget is not what they are adopting tonight. Clerk/Treasurer Kwiatkowski stated the proposed budget is pretty much identical with just a very few tweaks. Councilman Lavender commented there are a dozen changes on the first page of the budget looking at the 2017-18 requested column as compared to the budget received in March for the budget workshop. Clerk/Treasurer Kwiatkowski explained anything that has changed has changed probably in the last two to three weeks just looking at year end numbers. He really does not know in a workshop how Council wants to work on the budget. When the meetings were held there were several topics, but they really did not talk specific numbers. Councilman Lavender replied there were no numbers given to Council and the specific numbers he is talking about are the 2017-18 requested budget, and the one they received for the workshop is almost a mirror image of last year, so there really wasn't any question about things looking different. But when he got the 2017-18 requested budget on Friday, but the sum is not that much different, but the line items are all different. Mayor Bronson stated there appears to be a concern that Council would like to be involved when the budgets are going to be built in January and February, i.e. meeting with Department Heads and discussing these things. Council thinks input needs to come in at that time rather than at the end, even March is getting too late because the discussions have been held already. The Council wants to see in the future that they get involved earlier in looking at capital improvements and what needs to be done; it is hard to estimate revenue at that time. Council's desire is to be in that discussion at an earlier stage. Clerk/Treasurer Kwiatkowski stated they can put together a budget pretty much any time Council wants during the fiscal year. Mayor Bronson commented the revenue has not changed dramatically in quite some, and he would like to be in that discussion earlier and try and figure out a different path. Councilwoman Kwiatkowski stated she has a question on the two proposed police vehicles, stating she does not see them in the Budget, asking if they come out of the General Fund. Clerk/Treasurer Kwiatkowski replied any equipment purchases go through the Equipment Fund, noting it has not been decided if we are going to purchase them so they are not in the Budget.

Councilwoman Kwiatkowski moved to adopt the Fiscal Year 2017-18 Operating Budget for all Funds of the City of Cheboygan; supported by Councilwoman Riddle. A roll call vote was taken.

Yes votes: Kwiatkowski, Riddle, Bronson and Temple; No votes: Lavender Absent: Couture and King; Motion carried.

Department, Boards and Commission Reports:

- **Regular Brownfield Redevelopment Authority Board, June 12, 2017** - City Manager Eustice reported the Board met to disburse funds for two Brownfield projects, one being Cheboygan Village Marina that is nearing the end of its tax incentives, which was approved. He went on to state this is the first year that the Straits Area federal Credit Union will get Brownfield tax incentive rebates, but he has some concerns about the exact reimbursable costs of that projects so it was tabled until he can get clarification from Mr. Mac McClelland of Otwell Mawby, the environmental engineer that basically managed that project. He and the Board need some questions answered and then we will have a special meeting once we get the questions answered to disburse funds to the Credit Union. He is hoping to do this within the next couple weeks.

- **Department of Public Safety Monthly Statistics, May 2017** – Received and filed.

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General Business:

▪ **Consideration of Appointment of Michael LaLonde to the Parks & Recreation Commission, Term to Expire July 1, 2018** – City Manager Eustice stated there is an opening on the Commission and have had some issues as far as getting a quorum for the regularly scheduled meetings. Applications were solicited and Mr. Michael LaLonde has agreed to become a member of the Commission. The Mayor has been informed and approved the same to be placed on this Agenda. Once Mr. LaLonde is on the Commission, a Special Meeting will be held as soon as we can to discuss some significant issues. Mayor Bronson commented also it was mentioned that the time of the meetings may be moved hoping that quorums could be met. City Manager Eustice stated a poll will be taken of the Commission and it is likely we can meet during the day as most Commission members are available during the day and possibly more convenient for them. Mayor Bronson inquired as to the number of Commission members. City Manager Eustice replied there are 5 members, not including Councilman King who sits on the Commission as Council Liaison. Mayor Bronson asked if there can be more members on the Commission. City Manager Eustice stated it can be as large as 7. Mayor Bronson asked if we are looking at 3 to make a quorum now. City Manager Eustice replied yes.

Councilwoman Kwiatkowski moved to reappoint Michael LaLonde to the Parks & Recreation Commission, term to expire July 1, 2018; supported by Councilman Lavender. Motion carried unanimously.

▪ **Consideration of Fourth Quarter Budget Amendments and Authorize the Clerk/Treasurer to Make Appropriate 2016-17 Fiscal Year End Budget Amendments as Required** – Mayor Bronson asked if Clerk/Treasurer Kwiatkowski had a cover letter on this for the Council. Clerk/Treasurer Kwiatkowski replied yes, stating it is an overview of all the funds. The General Fund has come out pretty well and the revenues are a little bit higher because we realized \$35,000.00 in the sale of the property on the east side to the Conservancy; State Shared Revenue is expected to be up between \$20,000.00 to \$30,000.00; and part of the agreement we had with the Port Fund was once that property sold that money would be returned to the General Fund so there will be about \$208,000.00 that is in the Port Fund that will be transferred at the end of the Fiscal Year to the General Fund, which will shore that up and leave it in pretty good shape. Clerk/Treasurer Kwiatkowski went on to explain that PA 51 Funds, for major and local streets revenues are doing quite well; the State has freed up more money than he expected and we should see probably \$20,000.00 more in Local Street PA 51 money and \$40,000.00 more in Major Street PA 51 money. These are revenues that weren't budgeted because PA 51, depending on collections, will go up and down every other fiscal year. The DDA Fund had a nice increase in tax revenue that was due to the Credit Union and that was approximately \$27,000.00. Clerk/Treasurer Kwiatkowski stated expenses are slightly higher. We have some miscellaneous revenues for the Fall Festival and also for the Music Fest; you will see revenues as they are collected during the current fiscal year and those will be reclassified as deferred revenues, so those items will disappear out of the current Budget. This, too, is done at the end of the current Fiscal Year. Mayor Bronson asked if the \$27,000.00 tax revenue increase from Straits Area Credit Union is a one-time increase or if it will be an annual increase. Clerk/Treasurer Kwiatkowski stated he is hopeful it is an annual based on property taxes. He went on to state he added a new Bond Construction Fund to the Chart of Accounts for the W. State Street rebuild and also a corresponding Debt Service Fund to handle the debt payments for the \$280,000.00 in Transportation Bonds. As the City Manager stated, we will be dipping into the Fund Balance at the Ice Rink/Pavilion in the current Fiscal Year at a little over \$20,000.00. We still have one payroll and for the first payroll in the new fiscal year part of the wages and fringes will be expensed back into the current, which is what we do with payroll utilities.

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He is concerned about the Sewer Fund because if we have any large projects and if we need to do any borrowing at all we are not going to get the monies we need without raising rates. Typically we issue revenue bonds and the revenue, besides paying for the day-to-day operations, also has to fund the debt service, which is a concern. Clerk/Treasurer Kwiatkowski went on to state the Cemetery Fund did well. We had budgeted a \$35,000.00 interfund transfer at the end of the fiscal year and now that appears to be down around \$20,000.00 to \$25,000.00. The Water Fund is doing well but it doesn't have the capital needs that the Sewer Fund has. Overall the City is looking really good with the exception of the Pavilion and Sewer Fund. Councilman Temple asked how short we were from the Port property. Clerk/Treasurer Kwiatkowski said he has not done a final number to see what we lost, but it is going to be in excess of \$50,000.00. Councilwoman Kwiatkowski commented we didn't lose it, we gained a Port. City Manager Eustice stated it was an investment. Mayor Bronson commented the Port area looked pretty active today.

Councilwoman Riddle moved to adopt the Fourth Quarter Budget Amendments and authorize the Clerk/Treasurer to make appropriate 2016/17 Fiscal Year End Budget Amendments as required; supported by Councilwoman Kwiatkowski. A roll vote was taken; motion carried unanimously.

Mayor Bronson asked if the Clerk/Treasurer will now be getting ready for the audit. Clerk/Treasurer Kwiatkowski informed Council at this time he will be doing all the accruals, pre-pays and inter-fund transfers.

Councilwoman Riddle stated she would like to make a request that we have a second public comment in this area of the meeting since it was changed and we may have had some people coming slightly late to the meeting. Mayor Bronson stated he could always announce it, if need be. He then asked if anyone wishes to address Council to please come to the podium.

City Clerk's and Treasurer's Comments:

- **Budgets** – Clerk/Treasurer Kwiatkowski stated he is once again going to reiterate something he has said to Council in the past. He worked 16 years with former City Manager McNeil and did not put together a single budget but provided all the back-up material and numbers. Mr. McNeil put the budget together and did the quarterly amendments and also he ran budget workshops with Council. When George Korthauer came here as Interim City Manager, Mr. Korthauer did the budget. When former City Manager Dale Stuart came here it was put into the Clerk/Treasurer's lap and City Charter does not say the City Treasurer puts the budget together, it says the City Manager does. So if his attitude seems a little cavalier regarding the budget he is sorry, but he thinks we need to shift that back where it belongs. City Manager Eustice stated that is fine. Mayor Bronson stated certainly Council wants to be involved, too. If it's in Charter, we need to be following that.

City Manager's Report:

- **W. State Street Repaving Project** – City Manager Eustice stated the W. State Street Repaving Project is backed up a couple of weeks. It was destined to be done by June 30, but we had a couple of issues regarding the Huron Street project and that intersection. When we got that resolved, Reith-Riley, who is going to do the street repaving was backed up themselves. City Engineer Granger informed Council that paving will be the week of July 17. Mayor Bronson asked if rain affects paving. City Engineer Granger replied certainly.
- **Community Garden** – City Manager Eustice reported things are going along with the Community Garden. Councilwoman Riddle stated the fence posts are in and we should be getting the fencing on

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Friday. They are still looking for volunteers to put the 7 ½ foot fence that should keep the deer out. She knows a lot of people have expressed the concern that we are growing vegetables for the deer, so the fence should take care of that situation. Councilwoman Riddle then stated if anyone has not seen the Community Garden it is looking quite nice and the vegetables are starting to come on the plants. With the extra water, we have some concerns with the low area of the garden, but we are addressing those things as we find them. Also, with this being the first year, we continue to get surprises and we work through all of those. She is real pleased with how the garden is shaping up. Councilwoman Riddle reported they have had really good support from our DPW in terms of getting wood chips to the garden and DPW Director Karmol spent a whole day helping them to get the posts in. There has been a lot of good volunteerism in getting things accomplished at the Garden and it's kudos to the Cheboygan Area and what we do for our area.

- **Microphones** – City Manager Eustice stated staff has consulted with Shawn Sheldon, who does a lot of the sound work for the Opera House; he works for the radio station as well and has a vast experience in audio systems. Mr. Sheldon was in today looking at our mic system and we are contemplating changing out the mic system so we don't have these issues. The current mics are pressure mics and it is sometimes very difficult to pick up sound. Because of that, if you sit back in your chair, it may not be able to pick up the audio. We are going to go with a lapel mic, likely wireless, and change the amplifier system. It is probably under \$1,200.00 to go to another much better system with the clip on mic. Hopefully this will eliminate the feedback and eliminate the audio problems we have as we do minutes. Mayor Bronson said he is hopeful Ms. Gahn will be able to hear. He then asked what kind of mic would be available for public comments. City Manager Eustice stated we currently have a wireless mic that we can tie into a new system, noting people will need to come to the podium.

- **4th of July Parade** – City Manager Eustice stated we are going to close Main Street all the way to Pine Street, still being able to access Water Street and Division Street. There will be no street parking on Main Street from Pine Street to W. State Street. We will see how that goes with utilizing the off-Main Street parking areas (Water Street, Huron Street, CNB, City Hall/Opera House parking lots). Mayor Bronson inquired on the length of the parade. City Manager Eustice noted it still begins at the County Building and end at the Eagle's. Chief Jones clarified we are going to close the parking lanes, but not the street, so people will still be able to traverse the street while they are getting ready for the parade. Orange cones will block off the parking lanes, which should be in place about 5:00 a.m.

Messages and Communications from Mayor and City Council Members:

- **Downtown Streets** – Councilman Lavender commented how great the downtown streets look since they have been cleaned. However, someone mentioned to him there is a lot of grass in the grates around the trees.

- **Riverside Drive Garage Complaints** – Councilwoman Riddle stated she got a telephone call this afternoon concerning a building that was put up on Riverside Drive, asking the City Manager to address this. City Manager Eustice stated we have had complaints from residents of Riverside Drive. The owner on Riverside Drive applied for a Land Use Permit to put up a storage building, it is not a pole barn, it is a garage. It is a rather large garage but the yard is fairly large and it met all the setback requirements. Some of the residents on Riverside Drive do not believe that that kind of building should be allowed, but it does meet all the zoning requirements so it is not something he has the ability to disallow because our Ordinance that is in place now says it is an allowable use on that property. Because of the quality of the properties that are there, some of the residents said we probably should have an ordinance that limits the size of a building in that area because it is an area with River view and Riverfront properties. They got a building permit and met all the requirements and it's really an

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aesthetically nice looking building, but it’s just large. Councilwoman Riddle stated she drove by and looked at the building on the lot and it’s not inappropriately large for the house that’s on the same lot. It looks like a large garage and it does match the house. City Manager Eustice stated many municipalities have subdivision control on properties like that, noting Riverside Drive does not although it is in a platted subdivision. They do not have their own requirements in that subdivision, it is all governed by our City Ordinances, so he could not deny the building based on our Ordinance. Mayor Bronson asked if there is legislation in the State to take away local control of building and developing. City Manager Eustice stated that has been discussed. Councilman Temple commented he received a complaint on the building and he followed it all the way until it was done, noting it is a good looking building and there is only one other house past it. Mayor Bronson stated the City Manager says it is allowable and we cannot pick and choose.

- **Bring It Cheboygan** – Mayor Bronson stated last week some members of Council and the City Manager were in attendance at the Bring It Cheboygan MainStreet Program that was held at the Library. He counted over 90 people there. It was a very nice turnout and nice energy. It was good to see all that. He has been passing on information as to who to contact to those who attended and want to get involved.
- **U.S. Coast Guard Cutter Mackinaw Change of Commanders** – Mayor Bronson stated he and City Manager Eustice today attended the U.S. Coast Guard Cutter Mackinaw Change of Command, which was a very nice ceremony.
- **Little Traverse Conservancy Dedication** – Mayor Bronson commented he and City Manager Eustice attended a Little Traverse Conservancy Dedication last week and listened to ideas that they are planning on doing in that area that they have been piecing together the last couple of years. City Manager Eustice interjected it is part of the Duncan Preserve and is a portion of the land in the Port of Cheboygan Project on the east side next to the Coast Guard Station that the Conservancy purchased to tie into the existing Duncan Preserve. They have some very good ideas on how to develop that for recreational purposes, i.e. walking trails, observation decks. Mayor Bronson stated the Conservancy is also interested in following up on some of the trail thought we’ve had on the other side of the River, i.e. Gordon Turner Park and the Gauthier Preserve, tying the two together with the marshland area.

Councilman Temple moved to adjourn the meeting at 8:20 p.m.; supported by Councilwoman Kwiatkowski. 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