

REGULAR CITY COUNCIL MEETING
September 12, 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.

Public Comments:

Mr. Ray Lofgren introduced himself stating if the City Manager is going to talk about the Meijer's project, he would like to be heard.

Approval of Agenda, and Receive and File all Communications:

City Manager Eustice stated we have an addition for a Resolution to appoint a Certifying Officer and Environmental Review Officer for the Façade Grant Program, which will have Simply Marcella's and Creation Station participating. The Officer will be himself, the Chief Managing Officer of the City.

Councilwoman Riddle moved to approve the Agenda, with the addition of 10-E, Consideration of Resolution to Appoint Certifying Officer and Environmental Review Officers for the Downtown Cheboygan Façade Project; supported by Councilwoman Kwiatkowski. Motion carried unanimously.

Approval of Prior Meeting Minutes:

Councilman King moved to approve the Regular City Council Meeting Minutes of August 22, 2017 as presented; supported by Councilwoman Riddle. Motion carried unanimously.

Councilman Lavender moved to approve the Special City Council Meeting Minutes of August 29, 2017 as presented; supported by Councilman Temple. Motion carried unanimously.

Public Hearings:

▪ **Consideration of Adoption of an Amendment to Section 32.40 of the Cheboygan City Code of Ordinances, Downtown Development Plan and Tax Increment Financing Plan:**

City Manager Eustice stated this is the last leg of the process, noting we had to have two Public Hearings with the first Public Hearing held to redistrict the boundaries and the second Public Hearing being to amend the Ordinance. We are not necessarily changing any of the language in the existing Ordinance, Section 32.40, but we have to add that the Downtown Development Authority Plan and Tax Increment are being amended. As part of the Public Hearing we will need to listen to any comments from the public in regard to amending the Ordinance. Again, the reason for amending the Plan is to properly add it to the District, three additional parcels, and the legal description in the Development Plan will be amended. Also, we have to add the taxable values of the three parcels that are going to be added to the DDA so they will a face value based on the value as they come into the Plan. Any improvements going forward on those parcels, the DDA will be able to capture. The Public Hearing is to amend the Ordinance and if the Council approves, then Council needs to make a motion for the DDA to amend the Downtown Development Plan and the Tax Increment Financing Plan.

Mayor Bronson opened the Public Hearing for comments.

Ms. Mary Hebert introduced herself, stating she wanted to thank the Council and Manager for the information given for the expansion of the DDA to include her property. She is sure within the next two or three years the improvements to the property and the programming that follows will compensate the DDA in terms of any losses. They will also open the door to other grant opportunities as they begin to meet and collaborate with other not-for-profits in the arts organizations, the History Center and others so the benefits from the Carnegie development will actually affect other cultural institutions in Cheboygan. Ms. Hebert went on to state she thinks that will, in fact, compensate maybe for any loss that may have been incurred because of the expansion. She then thanked Council for their consideration and knows there were a few bumps in the process and is glad they got through that and that she could be here tonight.

Ms. Sherry Nelson introduced herself stating she would like to endorse the Carnegie also for inclusion in the DDA. The Carnegie is becoming an economic driver and acting as a gathering place and bringing people together into the property and it will soon be functioning as a concert space on Sunday afternoons, and there will be many other things such as a bizarre later in the season that will draw many people to the area.

City Manager Eustice noted there is a letter of support also from Joanne Cromley supporting the addition of the Carnegie Library to the DDA District. We also received no negative comments either verbally or in writing.

Chief Jones suggested changing the language to read “to amend an Ordinance”. Mayor Bronson commented we are not adopting.

Councilman Lavender moved to amend the Ordinance, Section 32.40 of the Cheboygan City Code of Ordinances by repealing Section 32.40, “Downtown Development Plan and Tax Increment Financing Plan” which shall pass upon requirements of the plans, methods of financing, whether said plan is reasonable and necessary to carry out the statutory purposes, and is in reasonable accord with the master plan of the city, whether public services are or will be adequate to service the area and whether changes in zoning, streets, street levels, intersections and utilities are reasonably necessary for the project in the City; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

▪ **Consideration of an Amendment to the Downtown Development Plan and Tax Increment Finance Plan:**

City Manager Eustice stated now that it has been approved to amend the Downtown Development Authority Plan and the Tax Increment Finance Plan (TIF), we need a motion to have the DDA amend the Plans. He noted Council should have a copy of the Plans in their packet. The amendment again is to edit the legal description in the Downtown Development Authority Plan and also to add, which he has done, the new assessed taxable value to the Plan of the three parcels that are going to be added and become part of the Tax Increment Finance Plan (TIF). Councilwoman Riddle inquired if there is a plan to look at the DDA plan because there are some things in there that are outdated. City Manager Eustice answered there has been discussion at the DDA level to look at the project plans, because some of the projects listed in this Plan are no longer viable or are outdated, but we basically have to assemble a committee to look at new projects. Nancy Lindsay was the leader of that Committee and

she has resigned, so we will have to appoint a new leader of that committee. Councilwoman Riddle asked if things are outdated, does that affect our adopting the Plan. City Manager Eustice replied not at all, pointing out it has been approved in the past so it doesn't affect anything. Mayor Bronson commented we are not changing anything in the Plan, we are only changing boundaries.

Mayor Pro Tem Couture moved to adopt an Amendment to the Downtown Development Authority Development Plan and Tax Increment Finance Plan; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

City Manager Eustice stated the Amended Plan that was just adopted will have to be recorded with the Department of Treasury, which is the final step in the process. Mayor Bronson asked if we have to publish in the paper, too. City Manager Eustice replied yes.

Bills and Disbursements:

▪ **Prepaid Bills and Disbursements for the Month of August 2017** – Councilman King commented there are quite a few bills left over from the Music Fest, asking if everything from the event has been closed. City Manager Eustice apologized, stating we do have the final account on the costs and so forth, but it did not get into this packet. He will get it for the next scheduled Council meeting and thinks everything was paid, noting it was very successful financially compared to previous years. He noted that Downtown Enhancement Administrator Guenther did a 10-year comparable. Mayor Bronson asked about the payment to Carlisle/Wortman for Zoning Ordinance Services in the amount of \$2,475.00. City Manager Eustice informed Council that is for the finalization of the draft of the Zoning Ordinance. Mayor Bronson asked if they will have it next Council. City Manager Eustice replied you should have, noting he has a meeting with Mr. James Granger on Thursday and a Planning Commission meeting next Monday and hopefully the Planning Commission will recommend the final draft to the Council.

Councilwoman Riddle moved to approve the prepaid bills and disbursements for the month of August 2017 in the amount of \$1,068,281.91; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

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

Clerk/Treasurer Kwiatkowski informed the Council he has one correction and one addition. Item 29 there is an additional bill for \$50.00 that arrived late, making it \$642.96 and Item 30 should be \$542.51, making a total for the unpaid bills of \$52,341.74. Councilman King inquired on Item 5, speaker replacement for the Ice Arena, asking if this was for one or more speakers. Clerk/Treasurer Kwiatkowski stated he believes there were three or four and were the woofers. City Manager Eustice added they were rebuilt speakers and the housing was left. Councilman King stated they probably have been there since the Rink was built, which is a pretty good shelf life for speakers. Councilwoman Kwiatkowski inquired on the expense to Tractor Supply for \$147.96 for blue jeans for the DPW, asking if the City usually buys blue jeans for the DPW. Clerk/Treasurer Kwiatkowski stated this was started when Dale Stuart was City Manager and we rent uniforms for Wastewater, Water and the Mechanic, and at one point that was also the case for DPW. Mr. Stuart at that time decided it was less expensive to buy the jeans and colored tee-shirts instead of renting the uniforms. Councilwoman Riddle asked if that is still the case. Clerk/Treasurer Kwiatkowski replied yes.

Councilwoman Riddle moved to approve the unpaid bills and disbursements for the month of August 2017 in the amount of \$52,341.74; supported by Councilman King. A roll call vote was taken; motion carried unanimously.

Department, Boards and Commission Reports:

- **Department of Public Safety Monthly Statistics, June 2017 and July 2017** - Received and filed.

General Business:

- **Consideration of Certified Grant Administrator Request for Proposals for the Façade Grant Project** – City Manager Eustice explained with the Façade Program, which is a Community Development Block Grant (CDBG), the MEDC requires that we send out Request for Proposals for a Certified Grant Administrator to administer the Project. You have to have certification and we do not have a Certified Grant Administrator at the City of Cheboygan, so we have to basically contract with someone. He went on to state that the Northern Lakes Economic Alliance has Certified Grant Administrators who have done CDBG grants in the past. We received three Proposals from Certified Grant Administrators and we used a scoring system, as the MEDC does not like to have it just based on the least amount. The Proposals are from Northern Consultants of Hancock, Michigan; Northern Lakes Economic Alliance of Boyne City, Michigan; and Hager Consulting of Fremont, Michigan. The proposal from Hager Consulting cost wise was \$30,000.00 and was very impressive with a lot of experience, noting the grant administration is paid for 100% by the funding from the MEDC, so the City does not have to match or contribute anything. The cost did not work in their favor as far as scoring was concerned and they scored 38.0 points. City Manager Eustice went on to state that Northern Consultants scored, on a 50 point scale, a 36.6, and their cost was \$12,500.00 to administer the grant. However, Northern Lakes Economic Alliance scored 47.0 points and their proposal did not exceed \$12,000.00; the other two proposals had contingencies where they could get additional monies. City Manager Eustice then stated it is his recommendation to contract with Northern Lakes Economic Alliance for the Community Development block Grant (CDBG) for the Façade Program, noting the two participants are Simply Marcella's and Creation Station. Councilwoman Riddle asked how this moves us forward in terms of it's been a slow process. City Manager Eustice replied it has been very slow and it is likely that the grant will be awarded by November and thinks both participants are really not going to be able to do anything until the spring. Creation Station may be able to do some of their interior work yet this winter. Councilwoman Riddle asked if there was not a furnace involved. City Manager Eustice said that is the serious part of it and is a big part of their match and they are stumbling through right now to see if they can get it to operate during the winter. Until it is fully approved by the MEDC and SHPO they cannot expend any money on the project, but once approved they can start working on the project. Any outside improvements will likely not take place until spring. Mayor Bronson commented this is the same process we did several years ago with several businesses downtown and it fell apart because of the length of the process. City Manager Eustice stated yes and there was also a change in the monies from a possible 75/25 to 50/50, which knocked a couple people out. It is a very cumbersome process but we hope we can help both these businesses, noting Simply Marcella's is going to be putting in a significant amount of money into the business. Mayor Bronson commented that this is the process that is available to us. City Manager Eustice stated there is not much out there to help these businesses. Councilwoman Riddle asked what the amount is again from Northern Lakes Economic Alliance. City Manager Eustice answered not to exceed \$12,000.00 for grant administration.

Councilwoman Riddle moved to award the Request for Proposals for a Certified Grant Administrator to Northern Lakes Economic Alliance in the amount not to exceed \$12,000.00; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

▪ **Consideration of Appointment of Lindsey Miller to the Downtown Development Authority Board of Directors, Term to Expire June 23, 2020** – City Manager Eustice informed the Council of an opening on the Downtown Development Authority Board of Directors because of the resignation of Nancy Lindsay. We have one application for the DDA Board from Ms. Lindsey Miller, the owner of The Urban Bird & Co., which through the summer was in the Purple Tree building. She has now moved to Billie Livingston’s building. City Manager Eustice went on to state Ms. Miller was initially only going to stay open through the summer months, but she is going to try and run a year-around business. She is very knowledgeable and energetic and thinks she would be a great asset to the DDA, in addition to having a very positive outlook on the downtown. Mayor Bronson asked if she was recommended by Ms. Nancy Lindsay and Ms. Billie Livingston. City Manager Eustice replied yes. Councilwoman Riddle commented it is good to have another business owner on the DDA Board. City Manager Eustice then stated the DDA Board made a motion to recommend her to the Council.

Mayor Pro Tem Couture moved to appoint Lindsey Miller to the Downtown Development Authority Board of Directors with a term to expire June 23, 2020; supported by Councilman King.

Councilman King commented Ms. Miller will bring a lot of enthusiasm and has quite of bit of training with the Jaycees and is very involved with that group and all her skills are going to be a great asset.

Motion carried unanimously.

▪ **Presentation of the Planning Commission Annual Report to the City Council, July 1, 2016 – June 30, 2017** – City Manager Eustice stated this is the Annual Report required by Ordinance and the By-Laws for the Planning Commission. There was not a lot of activity but there were a couple of Ordinances that the Commission re-wrote. The main purpose of the Planning Commission is to do site plan review and business development on commercial and industrial properties; unfortunately, that has been slow progress over the last ten years. We have had one site plan review this year for CarQuest and they are in the process of building an additional storage building. In the late 1990’s and early 2000’s we had multiple site plan reviews in a year, i.e. Cheboygan Village Marina, Calcite Credit Union, Wernig Jones, First Federal of Northern Michigan, First Community Bank and Speedway. When the economy turned down in 2006 and 2007 it came to a standstill. Councilwoman Riddle asked for the reason there did not need to be a site plan on the garage that is being built between the bank and the apartment. City Manager Eustice replied because it is considered a residential complex, so it goes under the residential building code ordinance. Councilwoman Riddle asked if there were any encroachments on any of the sides. City Manager Eustice replied no, adding they still had to apply for a land use permit and have to meet the ordinance criteria and is not going to be used for commercial use. Councilman Temple asked if that is considered residential even though it is an apartment house. City Manager Eustice replied yes, even though it is located within a commercial zoning district. Mayor Bronson commented hopefully in the next year we will see a lot more site plan reviews. City Manager Eustice stated we certainly have a lot of people who are interested in investing, noting we have had investments such as the Nauti Inn that did not require site plan review because they did just renovation to the existing facility and did not add on to it. The same is going to be true of The Gables. City Manager Eustice then went back to comment on the apartment house and garage at

the Riverview Manor, noting The Gables is also going to be adding a garage and it will be a bed and breakfast with money invested by the owners to get it back into a good working condition. Councilwoman Riddle stated hopefully when the Goldfront comes down an investor will come in and we can get a site plan for that. City Manager Eustice said that is our hope.

▪ **Consideration of Motion on Utility Service Agreement with Inverness Township** – Mayor Bronson stated he asked that this be placed on the agenda. City Manager Eustice said we have a Meijer's Committee and have been in negotiation with Inverness Township over the process to get water to the Meijer's site. We had a meeting on August 30 with the Township and basically the consensus was to look at a Utility Service Agreement (USA) for water/sewer. We had one in process and very nearly complete. It is for the most part finalized now. The City's Committee wanted to make a motion to look at only this Agreement and negotiate only this Agreement as far as a USA is concerned. It does not mean we can't look at other options, but as far as a USA our Committee determined we want this Agreement if we are going to manage the utilities for Inverness Township. There has been some talk about a separate water agreement, leaving the current Sewer Agreement alone, but there are too many issues with the current Sewer Agreement. The major issue is financial. We have some concerns that we are subsidizing the Inverness Township Sewer System with City sewer users' money, not necessarily dollars. The subsidy is at about \$25,000.00 at this point; we are averaging about \$71,000.00 in operation and maintenance coming into the City and are spending about \$95,000.00. Those changes will be in the new USA. We would like to get this to Inverness Township as soon as possible for review and certainly there are some minor things that can be adjusted but we are basically telling the Township this is what we need to have if they want to run their own utility services. We are basically going to manage them but it will be their water utility service, as well as the sewer system. Councilwoman Riddle inquired if we are approaching the deadline. City Manager Eustice replied there is an October deadline. Mayor Pro Tem Couture stated we kind of set the October deadline after a conversation a while back with Mr. Chris Jones because he would like to have a finished deal between the two entities for the first of the year, which is why we wanted to have this done by October 1 and then any little things that needed to be changed or adjusted. We needed time to get everything complete. City Manager Eustice explained the October deadline, which Mr. Jones has said himself, but he does not know how accurate it is that Meijer's real estate division pitches to the Meijer family/board of stores to be built in October for two years out. They may be doing that even though we don't have a finalized document done and may be looking at 2019 as a potential store built date. They are telling us 2020 right now, but that can change. Councilwoman Kwiatkowski asked if Meijer is okay with a USA because they wanted a 425, wondering if they are going to work with this. City Manager Eustice replied they prefer a 425 as indicated in an e-mail but they also have said that a USA is satisfactory to them. It is just a matter of how it is going to get done. Mayor Bronson commented they want water when they turn on the faucet with Mayor Pro Tem Couture commenting they want water when they land their excavator there. Mayor Bronson stated staff has been working on spreadsheet documentation of actual costs by looking at our history of managing the system. DPW Director Karmol stated Mayor Pro Tem Couture asked that this document be sent to some other Councilmembers. He first wanted to get it through Committee to make sure it was understood and he wanted to quantify things that were in his head into a table that Council could see. He would like to quantify it further, but he details as to why he can't. That table wasn't prepared because he knew there were unknowns, but he took the table as far as he could to show Council what he knows is happening. He would also like to make this available to the rest of Council as understood by the Committee and would also like to be able to send it to Inverness Township. DPW Director Karmol pointed out that document has 35 pages of supplemental information equipped to make those 7 pages and he sees no

reason why he can't send Inverness Township the 35 pages of information. Mayor Pro Tem Couture stated if we send the USA that we have come to with this, and with the supplemental information to back it up, basically what we are sending them is costs that they don't have and that will be the determination whether they are okay with a USA. If they are not okay with a USA, there is the other option. Although they have already voted against it, it does not mean that once they see all of the options with the costs they will decide to go another route. He personally feels that is the only type costs and what this agreement has to be and that is what we have to get to them so they can review it and see what the actual costs are. Mayor Pro Tem Couture told DPW Director Karmol that the Appendix he created is a pretty good cliff note of exactly why we have to put certain costs in it to cover what the actual costs are. We are not in it to profit, we have to break even and we cannot spend the money out of the City of Cheboygan. This is the stage we are at to present Inverness Township with that document and information so they can digest that. He feels we should have a 425 Agreement that we are willing to sign to go with it, in case they do not like the USA. He thinks when Inverness Township looks at the actual numbers of what it is going to be for a USA and the responsibility, the 425 might look a lot more appealing. Councilwoman Riddle asked if the motion they have in front of them for review is to send the USA with the 35 pages of supplemental material to Inverness Township for their review. DPW Director Karmol stated the USA is the document we would like to forward with. The supplemental information he created was first of all for the Committee to see if they thought it would be helpful in negotiations with the Township. They would like to get a motion from Council to allow staff to send the USA in its final form along with whatever supplemental information Council would like to go with that. The supplemental information is not necessary to send. Councilwoman Riddle stated the information being sent would come from the Committee. DPW Director Karmol stated they could or Council can chose to add it with the USA. DPW Director Karmol then suggested we could mail it separate or however Council would choose to do it and feels is best. He went on to state if we just send the USA the Township will just have time to review that. If we give them 40 pages of documents it might muddy the fact that we want them to review the USA and they also voted to pursue the USA. Since the Council voted on the USA, the only questions he has gotten are about water only and amending the old sewer contract. He wanted to go to the meeting and select a direction to go. With the questions being only about water only and amending the old sewer contract, he created the other document to stop the questions and move the USA forward and does not want to spin his wheels with water only or both sewers agreements, so instead of spending 4 hours talking to them, he spent the time making a document they can sit down and read and hopefully we can move forward with progress. Councilman King inquired as to the unknowns DPW Director Karmol is talking about. DPW Director Karmol replied he alludes to it after the table, noting when overtime costs were put down on the timecards we did not denote how much time was spent in a power outage where several pump stations are down. They are just out getting them going and did not write down how many hours they were in Inverness Township and how many hours they were in the City; they just wrote down total overtime. With that being said there are some assumptions he has to make. The City has 6 lift stations and the Township has 4, so basic assumptions would have to be made. He put that in there so Council would know that when he put the numbers in they are actually higher because there are overtime costs that he can't quantify as to what is the Township and what is the City. Mayor Pro Tem Couture asked if the numbers in the document are lower and the actual numbers are going to be higher because of overtime, but DPW Director Karmol erred on the side of lower and we will eat the rest, essentially, because it is hard to quantify that. DPW Director Karmol stated that is correct and there are certain years we had a lot more overtime than others, so it was a little unfair for me to give them all the overtime or not give them any overtime and just do straight time and then point out the fact that overtime and legacy costs are not taken into consideration. He just pointed it out because those costs

are above and beyond and those are costs that we incurred as a City but the Township does not have to pay for employees after retirement. We have some long tendered employees and have had employees retire in the 15 years of this Sewer Contract that we are still paying on that were helping with their lift stations. Mayor Pro Tem Couture stated if a USA is the route the Township goes, even though he is not suggesting that we add that in there, those are costs that the City incurs without recapturing those dollars. Those are dollars that the City cannot recapture with a USA. That's why it is so much more beneficial for a 425 because it is tax dollars that we capture along with that and that is the reasoning behind it and why other communities do it because then they are not subsidizing certain things that are unquantifiable at every level. Mayor Pro Tem Couture stated although the USA is a nice clean document. There are so many different little things you have to add in there for us to break even/cover our costs. He stated there are some unknowns with all the options.

Councilman Lavender asked if the numbers and expenses we are talking about have to do with the existing Sewer Agreement we have with Inverness Township. DPW Director Karmol stated what he did was quantify the efforts that are made out there with miss digs and checking the lift stations. What he is trying to correct and has the biggest deficit – the administrative costs. Councilman Lavender stated what he is getting at is if the USA we are looking to do with the Township is for the Meijer Project only, why are we bundling the existing Sewer Agreement – shouldn't that be something separate that we can work on at a different time as it seems like it is just complicating the process to move forward and to plan a project. DPW Director Karmol said the old sewer documents, the Agreement and Amendments, are actually difficult to navigate compared to the USA. It has language that replaces language, which makes unusable language. So if you don't have all documents in front of you, it is not easy to navigate. He is getting used to navigating it because he know what replaces what. The USA cleans up all the unusable language, provides definitions, combines water/sewer, and includes what the City is responsible for and what the Township is responsible for in one place on one page where we will have water responsibilities and then we will add sewer responsibilities from the old Sewer Contract to replace language in document one and could replace language in document three, so having a fifth amendment to the Sewer Contract and a water only deal plus stuck into those losses for another 25 years is a reason he is not all to happy to have a water only document, five sewer agreements and our responsibilities littered throughout all six documents. Councilman Lavender stated what his thought process is, is a USA specific only to the Meijer Project. DPW Director Karmol explained the USA allows them to be in the utility business and they can actually plan to run waterlines throughout their Township and meter it at the City limits and they can continue to build their water system as they see fit; the same with their sewage. The USA adds to the fact that they are going to use our licenses and our operators to service that system. City Manager Eustice stated to Councilman Lavender that the best case scenario for what he thinks is to do a 425 Agreement. Councilman Lavender said the 425 Agreement language that was sent over needs, in his opinion, to be way different than what we initially sent to them and that has not been on the table again. Mayor Pro Tem Couture stated that never really got talked about and a lot of language even in the USA has been cleaned up from the original talk, too. Councilman Lavender stated he is trying to get to a point where we have a workable document that is actually feasible for both ends so we are not running in circles. Mayor Pro Tem Couture said that is why he thinks we should have a 425 Agreement that is clean and what we have to have. He then stated this is the bare minimum we have to have to make the project work and that is really what Councilman Lavender is talking about – let's make sure, if we have to make some concessions, this is what we have to do if this project is going to go forward. There are some things we cannot make concessions on. Eliminating the existing Sewer Agreement is one of those mandatory non-concessions. After we looked at it in Committee, the language in there not only

is it anti-future development for both parties, but it also makes it difficult for DPW Director Karmol to handle water going on and sewer coming back in at the same level. Councilman Lavender stated Mayor Pro Tem Couture answered his question of does the existing Sewer Agreement have to be part of the process or is that complicating things, because what Mayor Pro Tem Couture is saying and the Committee is saying is the existing Sewer Agreement has to be part of this process. DPW Director Karmol commented what is complicating things is that the old Sewer Agreement is such a good deal on the Township's end that they would rather just amend it to continue. He does not blame them for trying to keep it as they are getting the regular City resident rate and they are getting it cheaper than we can provide the services. He understands why the Township would like to continue and does not blame them to keep this contract going for another 25 years, but it is difficult to sit there and watch the losses and then if we extend it, we are locked in for another 25 years of losses. Mayor Pro Tem Couture commented when the Sewer Agreement was originally done in 2002, the people who put it together did it to the best of their ability with unknown costs as there wasn't a sewer system. So when they built that Agreement it was a projection and DPW Director Karmol has cleaned that from projection to actuality, which is what has to change essentially. DPW Director Karmol stated if we were able to recover all the O & M costs and the admin was adjusted, then it's really accurate predictions to the future. Unfortunately because of seasonal residents in Inverness Township, we are not collecting O & M fees and the admin fees are too low because the future development never happened. They had projections of growth out there with continued REUs, more O & M costs and higher admin, but we would have had more effort in it, as well. If we had that huge development we would have had more effort in going out and checking another lift station and more billings on administration, as well. However, that never happened and we are giving credit to seasonal residents that don't pay our service fee but we are still checking lift stations which is causing shortfalls. Mayor Bronson asked DPW Director Karmol what he wants today. DPW Director Karmol replied he would like to send Inverness Township the USA they requested so they can move forward, which is what they asked to move on with. They have been very adamant that they want to own their own utilities and that is why we have not pursued the 425 or put any more effort in it. Also, this is the preferred way of owning your own utilities and work under this one new document with water and sewer going forward. Mayor Pro Tem Couture commented it truly is fair and all the research and documentation is there; the numbers are there and we have to cover our costs. Councilwoman Riddle stated there has been some discussion this evening with sending a cleaned up version/modified version of a 425, asking if this is from the Committee or from Councilmen or do we want to just send the USA or send the 425 also. Mayor Bronson replied what they talked about was sending a USA because that is what was requested; if in the future the door is open to look at a 425 Agreement we are not opposed to doing that.

Councilwoman Riddle moved to support the newly drafted Utility Service Agreement, combination water and sewer agreement, and direct the City Manager to negotiate with Inverness Township as to the content and language of this new Agreement only; supported by King.

Mayor Pro Tem Couture asked if there is a negotiation with this. City Manager Eustice answered there can be, there are some minor things that we may have to listen to. This is what we have to have. Mayor Pro Tem Couture stated that is not a negotiation then; it is not a very clean motion as far as he is concerned. City Manager Eustice stated if you don't leave that open how are you going to finalize it, if they come back and say we want this minor issue into the document. Councilman Temple asked if there will be a time limit on this. Mayor Pro Tem Couture asked when was the motion they made, August 30. That is two weeks, which is what we have had to draft it and he would not give any longer

than two weeks to digest it. He also thinks if the Township wanted to invite us to another meeting to discuss, we do it again. Councilwoman Riddle commented she is open to removing negotiate from the motion. Mayor Pro Tem Couture replied he trusts that City Manager Eustice needs that.

Councilwoman Riddle amended the motion to include “with an answer back by Monday, September 25, 2017, so we can discuss it at our next Council meeting”.

Final Motion:

Councilwoman Riddle moved to support the newly drafted Utility Service Agreement, combination water and sewer agreement, and direct the City Manager to negotiate with Inverness Township as to the content and language of this Agreement with a reply by September 25, 2017; supported by Councilman King. A roll call vote was taken; motion carried unanimously.

Mayor Bronson asked that DPW Director Karmol send to the remainder of Council the documentation they do not have. Councilwoman Riddle stated she would like the documentation. Mayor Bronson asked if she would like all 35 pages. Councilwoman Riddle replied the 7 pages are fine and if she has questions she will call DPW Director Karmol and ask questions.

▪ **Consideration of Resolution to Appoint Certifying Officer and Environmental Review Officer for the Downtown Cheboygan Façade Project** – City Manager Eustice stated this is somewhat of a formality that someone has to administer the environmental review on the project and it typically is the City Manager that oversees the project. Mayor Pro Tem Couture asked if this goes along with what they have taken care of today. City Manager Eustice replied yes.

Motion by Councilwoman Kwiatkowski to adopt the Resolution to Appoint Certifying Officer and Environmental Review Officer, City Manager Thomas E. Eustice, for the Downtown Cheboygan Façade Project; supported by Councilwoman Riddle. A roll call vote was taken; motion carried unanimously.

City Clerk’s and Treasurer’s Comments:

▪ **Audit** – Clerk/Treasurer Kwiatkowski stated the City Audit is scheduled to begin the week of October 16. He has finished with most of the adjusting entries and the interfund transfers. He has a few things to do in multiple amendments to last year’s Budget, but things will be ready to go and he looks forward to having a good Audit.

City Manager’s Report:

▪ **POLC Contract Negotiations** – City Manager Eustice informed Council there will be negotiations tomorrow at 1:00 p.m. with the POLC to continue negotiations. Hopefully, they will have something finalized tomorrow under that Contract.

▪ **Cheboygan County Commissioners Meeting, September 12, 2017/Meijer’s** – City Manager Eustice informed Council he did attend the County Commissioners’ Meeting this morning. The Commissioners have had some conversation about how they can help both Inverness Township and the City in the Meijer negotiations. They want to be involved somewhat in trying to help us come to an agreement. The Commissioners have considered and basically have offered to help us with a mediator, whether they pay a State mediator or they select somebody internally; someone independent of both sides to be a moderator. We are going to move forward and see how the USA plays out and having a mediator may be an option in the future. City Manager Eustice noted having a public forum

has been discussed with the City's Meijer Committee perhaps at the Opera House to try and get to an end agreement on this. He had a long conversation with Mr. Jeff Lawson, County Administrator, after this morning's Commissioners' meeting and both the Commissioners and Administration are willing to step in and try and help with the negotiations. He informed Council he made the statement today that a 425 Agreement is the best option to make this project happen. The USA is a very good document but at the end of the day for this project to occur it would be best managed by the City of Cheboygan and you have to have a 425 Agreement to do that.

Mr. Ray Lofgren stated he knows Councilman Temple and Mayor Pro Tem Couture, along with the Mayor and Committee Members would like to take the bull by the horn and put this to rest. He would like to state some facts, asking that he be corrected if anything is inaccurate. He thinks it is about time the newspaper also tells the public and taxpayers exactly who wants Meijer's here and who does not and who is working for it and who is working against it. Mr. Lofgren went on to state he owns property and a business in Inverness Township, as well as being a taxpayer in the City of Cheboygan. Recently he read in the paper Inverness has assessed almost \$5.00 a REU for sewer. So as far as DPW Director Karmol is concerned and the extra paperwork he has done relates to the money that the City Council and Inverness taxpayers have put into this. Inverness has met with Rural Development who owns the bond for the sewer and the paper has reported, although he has not received his letter, that it is \$4.85 or \$4.95 per REU that we will be assessed out there in the DDA District for the sewer. He is sure DPW Director Karmol has read the paper and knows that the Inverness people must understand the cost of running a water and sewer plant. Forty years ago his first large job was a sub-contractor with Henderson Brothers Construction in building the sewer plant. He cannot remember what the project cost was at that time, but for the four decades he is sure the residents of the City, users or taxpayers, might have 100 million dollars in our system. Mr. Lofgren informed Councilman Lavender that is for our water and sewer and it cost us a lot of money. He asked, as he does not know what is in the new document, who would own the line. City Manager Eustice replied the Township. Mr. Lofgren then stated that tells him that this will stalled, noting that it has been three years. Inverness Township has not the ability and the gumption to put the water line in. The Inverness Township taxpayers might not know that their Board has spent thousands of dollars going to their engineer in Gaylord to saying do we want a USA or a 425; what is the best advantage for us to represent the Township people. This is what they want to do, represent the best interest of the Township. Mr. Lofgren further stated they have a letter that addresses a 425, not a USA; they spent about \$10,000.00 or thereabouts to get that answer. From almost day one, Meijer's Corporation would prefer a 425, as they have nearly a hundred 425s in the State of Michigan, which is what he has been told by Meijer's. Somebody that is already in the water and sewer business. Mr. Lofgren further stated at the Inverness Township meeting he made a couple of what ifs: (1) what if the City of Cheboygan doesn't want an agreement – well that is wrong because the City is giving them an opportunity with a USA; and (2) what if Meijer's doesn't. So, if we waste another year, the City has spent DPW Director Karmol's time and taxpayers money (another \$10,000.00); Inverness has spent "x" thousands of dollars of taxpayers' money and we are at the same level. Where does it leave Cheboygan? It leaves us without any growth and leaves us without Meijer's. It is as simple as that; they are not going to wait forever. Or, maybe they will start some action like they did in Acme, Michigan, pointing out the Township spent nearly one million dollars. They got into some pretty sticky things because there was some voting going on and he is not here to tell Council what it was, but there was language in the lawsuit that names the parties. There again, there is no Meijer's but a lot of money being spent. Mr. Lofgren then stated he wants Council to know that he has interest in some land that will give easements to the City of Cheboygan, if necessary, to get the water out there. He then stated he wanted to talk to the

paper, saying he thinks it is up to the paper to help us out. The paper has to tell the City that you folks that are here tonight all want Meijer's here and we are not stopping it. There could be a letter as soon as Inverness reads this Agreement saying we need a 425. A document to go to Mr. Chris Jones and Mr. Jones could immediately put this building on the burner and say finally Cheboygan wants us. Now Cheboygan is getting railed; not necessarily Inverness but Cheboygan. As a reporter it is sort of redundant – Cheboygan votes, Inverness votes, it gets voted down, now we are negotiating – it has been back and forth over two years. Mr. Lofgren said the reporting is pretty easy, but that is what has been going on. We have been passing the buck. Now, we have almost the entire Board at Inverness and they are saying we want Meijer's – no they don't want Meijer's. What they wanted is what DPW Director Karmol said earlier – their attorney and Township Clerk who is here this evening said we want a USA and we want to put in our own water and sewer and operate a water and sewer system. Now the USA does that and he is here to tell Council this evening they will not do it; they can't do it; and Meijer's may not accept it.

Mr. Steve Cheli introduced himself stating he is retired so he does not have a particular interest here other than we all want Meijer's here, he thinks, and he commended Mayor Pro Tem Couture and Councilman Lavender and thinks they are right on. He does not know this for a fact, noting he has been running around talking to a lot of people for the last couple of weeks trying to figure out what the bottom line problem is, but what is wrong is the sewer agreement. Everything else is not that difficult, he believes. He can't speak for Inverness Township Clerk Beethem, but we have not had a discussion about the particulars and his guess is that a 425 may be more acceptable if we can work some of the other bugs out. They have got some issues to protect the Township. What he has heard tonight is that the City is proposing what they need and want. You have to also respect the other side; they had issues they need to protect, as well, as they are responsible to Inverness Township. Mr. Cheli then commented his guess would be that the USA will not be accepted, based on past performances it probably will not pass in that form, although he has not seen it. There may be a lot more practicality to the 425 if we can get to those issues and clean them up for everybody's interest. The simple thing is we got two pots of money available if we get the 425. A pretty good chunk will come to the City that will help offset the loss of potential at the sewer plant. He stated he knows you cannot direct the money directly but eventually it gets in the pot, but does not know if that is even possible. There are other issues – you have all those people down the Township line on the sewer. Are you going to go back to them just after you had a current rate increase? It is a very difficult position for the Township to be in, plus you have other things that they need to be careful about. Mr. Cheli stated he thinks they are all resolvable and thinks it is right to sit down and talk about it to get the problems in generalized form and then we can talk about an agreement.

Messages and Communications from Mayor and City Council Members:

- **Meijer's** – Mayor Pro Tem Couture commented on what Mr. Cheli was saying. He is right that Inverness Township definitely has some things that they want to protect, as well. He went on to state that Councilman Temple, DPW Director Karmol and himself met with four of the Inverness Township Board Members, so there was no quorum, and he wanted to know what was the hold-up. Basically the nuts and bolts of the hold-up and the sticking points were some of the language that we wanted originally out of the agreements with regards to annexation and first right of refusal, the City sees that as a negative for those to be in there. The Inverness Township Board is concerned the borders of Inverness Township are shrinking and they do not to see the City limits signs that expand into their Township. That is a true real feeling he got from the Board verbally and it's two things: we do some clean-up on the language to essentially leave the annexation alone so it could be put in there and

changed the first right of refusal a little bit so that it's cleaner for both. They should have first right of refusal with what they have already purchased in REUs for the City of Cheboygan, so we owe them to be able to expand into their Township. There should not be a stopping block if another Township wants to buy into the system and develop in neighboring areas and Inverness don't have a direct need for it, they should not be able to block that essentially. So this language is clearer. Mayor Pro Tem Couture went on to state the overall feeling of this project is the communication barrier between the City and Inverness Township is the real issue. Let's knock it down – the invisible wall between the two entities, City versus Township, Township versus City, City versus County, County versus Township, however it is and it's got to go away. It's has to. We are one community and that is essentially the way it has to be broken down and let's work together to grow together. The 425 Agreement is a land lease agreement and he hopes it would expand into Inverness Township, not to take away anything from them but to grow as a community. If that is where the growth needs to happen let's work together. The City of Cheboygan happens to have a water and sewer facility and Inverness Township happens to have the trunkline where land is popular. Let's work together – all of our kids go to the same school. Yes, Inverness Township has to protect some things and the City has to protect their interest and it can be done. There are documents that are sitting on somebody's desk right now that are done and it just has to be talked about and until everybody can say we are willing to give up for the greater of the community, it is never going to happen in any document. A comment was made that if we can't come to terms on that we might as well close the doors. Mayor Pro Tem Couture agreed, adding the door was starting to close and he asked the Committee to keep it open and let him try and talk to these individuals who have something holding them back. Let's find it and break it down. He stated the meetings were a little successful and a little not successful, but it was a start. This is why he is strongly in favor and a lot deeper into the knowledge of this subject than he really ever wanted to be or should be, but he is getting pretty schooled at it. Mayor Pro Tem Couture stated if everybody could just understand a 425, it is the correct document and the correct way to move the community forward in this project. It is probably the only viable costly way for either entity to do this and we should have a City ready document to hand them. This is truly the way we want it to happen and he does not understand why the Township does see that, as well. Mr. Steve Cheli commented if you are going to have an open discussion, you also have to be open to what do you find wrong with a 425, as well as why do you have to have a USA. He cautioned Council that they don't say it is the best because it may be best for the City but it may not be best for the Township. Mayor Pro Tem Couture stated he has asked and the problem is the communication barrier and he cannot find a way to get an answer to that question. This brings him back to that communication roadblock that is just there and does not know how to sever that.

▪ **House Fire on Brown and Loomis Streets** – Councilwoman Kwiatkowski stated she was asked about the house fire on Brown and Loomis Streets recently and whose responsibility is it to get the house taken down. City Manager Eustice replied it should be the property owners. Councilwoman Kwiatkowski asked what happens if they don't do it are we stuck with it like the one on the other side of the River. City Manager Eustice said that is always an issue as they become blighted properties. Councilwoman Kwiatkowski stated the owner is still living there in a camper/trailer right beside the burnt out house. Councilwoman Riddle said she thought we had problems with camper trailers for a permanent residence. City Manager Eustice stated there is an Ordinance, noting you can do it temporarily especially in a circumstance like that. Councilwoman Riddle asked if the owner is doing something to take care of the house because if he is not actively doing something it's not a temporary situation. City Manager Eustice referred to Chief Jones. Chief Jones stated his department has already addressed it and it is a very similar situation as North "C" Street with no insurance. The

owner will be receiving a letter tomorrow giving him about 30 days, although the Ordinance states 5 days, and he is about at the expiration for the camper.

- **Cheboygan FallFest** - Councilman King stated the first weekend in October is FallFest and it looks like a really exciting thing for the area especially for this time of year, adding the fall colors will be popping around then. Hopefully we can get a draw to this area and commends those that are putting it on.

- **Former St. Charles Church** – Mayor Bronson asked on the status of the former St. Charles Church, noting he sees everyday there are more shingles off of it and bare wood is exposed. City Manager Eustice added there are two large holes in the roof and it rains in the basement when it rains. He went on to state again it is a difficult issue to address because it is privately owned. Councilwoman Riddle asked if the property has gone into foreclosure. City Manager Eustice replied if it is, it is in the early stages of foreclosure where it has not gone to a Sheriff Sale, adding the process can take nine months. Ms. Mary Hebert stated there was controversy about who owned it and as of today found out that it's still the Cunningham's, who are leaving us the legacy of undeveloped properties, so she does not know what action can be taken. There are interested parties in purchasing those properties and developing the properties, but we are not sure we should go the route of blighted property or appeal to the Cunningham's to at least fix the roof for the winter because the Lord's Kitchen, which is in the basement, have bought property on Court Street and plan to move, but they would stay there and keep the building warm and the lights on if there could be something done to the roof. Otherwise, their plan "b" is to move in with the Wesleyan Church. The nearby old school has also fallen into a sad state of repair. Ms. Hebert commented in situations like this usually what happens is there is no action and then the building is unsalvageable. Right now there is a chance and she had Full Circle look at the roof and they said it could be \$20,000.00 to at least get it stabilized. One column underneath one of the holes in the roof has deteriorated very badly. She then informed Council that she and Ms. Sherry Nelson have met with potential investors/developers and have been circling the block to find people to talk to find out what's going on. They are also going to call the Cunningham's. Mayor Bronson stated that is where you start. Ms. Hebert then asked if anyone knew what the cost would be to just put a tarp over that hole. She is going to find out who would do it and get the price of the tarp and then call Cunningham's. Also, in the meantime everyone should know that that particular comp area right in the center, next to our beautiful Library, is primo for doing some kind of a development. She thinks Ms. Nelson is meeting separately with the Mayor to talk about that. There have been a lot of good conversation about good things that could happen. Ms. Hebert then asked what is happening with the old school property. City Manager Eustice replied Mr. Steve Sweet is living there. Ms. Hebert asked if they could appeal to him in some way. City Manager Eustice asked if she has not seen anyone there recently. Ms. Hebert replied last night someone pulled around to look at the property and they thought they heard somebody inside, but she has been there previously with people and the Pit Bulls were gone and it continues to have knockdown chairs and stuff stuck around the bottom. Councilman Temple stated he wishes they would take the kennel down in front as it looks terrible. Ms. Sherry Nelson asked if it is possible to cite the owner for blight on the Church. City Manager Eustice stated he guesses it is possible, although there is nothing falling off of the building right now. Councilwoman Riddle commented there is rain coming in through the hole in the roof. Ms. Hebert said Mr. Cunningham just sold the B & B, so it is not like he has not been generating some revenue. City Manager Eustice stated the City will approach it that way.

- **Former West Side Elementary School** – Councilwoman Riddle inquired as to what is happening with West Side Elementary. City Manager Eustice said he is aware of nothing. Councilman King stated the School still owns it and they actually use the gym for some things for sports so it is not being unmaintained. Councilwoman Riddle stated it would be nice for a retirement community with a

big green space around it with walkable sidewalks to the Main Street area. Mayor Bronson said people have talked to him about development spaces and he always mentions that building.

▪ **New Wi-Fi at Library** – Mayor Bronson announced last week the Library switched on a 1 gigabyte pipe for internet. They also found out that none of the Library’s hardware can handle that much bandwidth so we are in the process of upgrading all our Wi-Fi making sure their computers can handle it. When they did a speed test they had about 900 up and 800+ down. Councilwoman Riddle asked what that meant. Mayor Bronson replied it is about 100 times faster than Charter. They also ordered new Wi-Fi antennas.

Adjourn to Closed Session:

Mayor Pro Tem Couture moved to adjourn to Closed Session at 8:44 p.m.; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

Reconvene from Closed Session:

Mayor Pro Tem Couture moved to reconvene from Closed Session at 9:25 p.m.; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

AFSCME Contract:

Mayor Pro Tem Couture moved to approve the Agreement between the City of Cheboygan and the Cheboygan City Employees, Local #1325.01, Michigan Council #25, AFSCME, AFL-CIO, Effective Date – July 1, 2017 – June 30, 2021; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

Adjournment:

Mayor Pro Tem Couture moved to adjourn the meeting at 9:27 p.m.; supported by Councilman King. 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