

REGULAR CITY COUNCIL MEETING
January 9, 2018

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:

Tree in Cemetery – Mr. Richard Sangster introduced himself asking if there has been any discussion about the fallen tree at the Cemetery and if it will be taken care of. Clerk/Treasurer Kwiatkowski replied the City is aware of it and the DPW is going to take care of it but they are waiting for the right time.

Comments from District 2 Commissioner – Mr. Richard Sangster, County Commissioner for District 2, conveyed to Council if there are any questions or anything for him as County Commissioner he is always available.

Approval of Agenda, and Receive and File all Communications:

Mayor Bronson stated he would like to add 11-A – Consideration to Appoint a Committee to Look at Staffing Levels and Job Descriptions.

Councilman King moved to approve the Agenda and receive and file all communications with the addition of 11-A, Consideration to Appoint a Committee to Look at Staffing Levels and Job Descriptions; supported by Mayor Pro Tem Couture. Motion carried unanimously.

Approval of Prior Meeting Minutes:

Councilman King moved to approve the Regular City Council Meeting Minutes of December 12, 2017 as presented; supported by Councilwoman Kwiatkowski. Motion carried unanimously.

Communications and Petitions:

■ **2016/2017 Audit Presentation – Gabridge & Company, PLC** – Clerk/Treasurer Kwiatkowski stated Mr. Neil Hammerbacher from Gabridge & Company is in attendance, noting Mr. Hammerbacher was his auditor last year but there was a different team this year.

Mr. Hammerbacher informed Council he will make five or six comments and then will open it up for questions. He referred the Council to page 2, noting the Report is about 71 pages long. They put together the report in proper format. It is the City's responsibility for the financial information. Gabridge's responsibility is to give an opinion on the fairness of the financial statements, which appears in the Opinions paragraph, which he read in part. He noted this is an unmodified opinion and if there is something wrong with the report they would have to modify their opinion. In layman's terms, this is a clean opinion.

Mr. Hammerbacher then referred Council to page five, Management's Discussion and Analysis, which contains Financial Highlights, drawing Council's attention to the fourth

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bullet: “At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,336,205, or 68 percent of the general fund’s annualized expenditures and transfers out.” He explained this calculation of taking the Fund Balance on the Balance Sheet dividing it into Total Expenditures to arrive at the 68 percent. Mr. Hammerbacher then stated the State of Michigan thinks the City has a problem if the Fund Balance is less than 13% of General Fund expenditures, so in the State of Michigan’s eyes the General Fund has been well managed.

Mr. Hammerbacher referred Council to pages 17 and 18 of the Report, Statement of Net Position and Statement of Activities, which he feels are the most important pages. These bring all the City’s funds together and make sure there is a full accrual basis of accounting and it gives a good snapshot of what happened. He noted the City’s position as of June 30, 2017 is the Statement of Net Position, which breaks it out by governmental activities, business-type activities and component units. The total assets at June 30, 2017 for the primary government were \$30,966,969; total liabilities were \$11,645,088; and the total net position was \$19,678,990. He pointed out the unrestricted net position is negative for the governmental activities and positive for the business type activities. He noted a few years ago the City had to put on their books its pension liability, which was never required and now with the pension liability, the position went negative. Clerk/Treasurer Kwiatkowski just told Mr. Hammerbacher that he received an e-mail from the State of Michigan and they want to know more information about the City’s pension and OPEB (other post-employment benefits) plans within 30 days. Mayor Bronson asked if this is something we will see in the negative for a year or do we have to come up with a plan to get that to zero. Mr. Hammerbacher replied right now there is not a requirement to do that. What drives these numbers are the General Fund and Water & Sewer Funds, so we always want to plan for a little bit of surplus every year to bring this number up.

Mr. Hammerbacher then referred the Council to page 40, Note 3, Statutory Compliance – Excess of Expenditures over Appropriations in Budgetary Funds, stating it is a legal requirement for governments in Michigan to budget for their general fund and special revenue funds and for the auditors to report on them. He noted the City had no expenditures except the amount appropriated during the year ended June 30. The City is planning properly so there are no black marks. Mr. Hammerbacher went on to state as of June 30, 2017 the City had the following deficit, i.e. governmental activities (\$1,043,521), internal service fund (equipment – (\$2,560), and business-type activities (Ice Pavilion – (\$56,468). Normally in years past the City would have to file a deficit elimination plan, but the State granted an exception a few years ago because the City’s current assets are greater than your current liabilities, so the City is no longer technically in a deficit.

Mr. Hammerbacher explained in governmental audits they have to provide a report on internal control and compliance with laws and regulations. The auditors only had one finding in internal control, which is a repeat finding. This is the position of the Clerk/Treasurer and segregation of duties. He is wearing a number of hats in handling cash and making deposits and also doing books is not the best situation, but for good internal control there has to be a cost benefit relationship – to hire another person to have good internal control the answer to that is no.

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Mr. Hammerbacher informed the Council that along with the audit report going to the State of Michigan, the auditors have to submit a report called Auditing Procedures Report (APR), where the State asks them as auditors about 20 questions on the audit itself. There are no material deficits and he doubts the City will get any letters from the Treasury on this audit. It is his suspicion that they don't even read the audit, only looking at the Auditing Procedures Report (APR). He then asked for questions.

Mayor Bronson asked if this audit had to be submitted by the end of the year. Mr. Hammerbacher replied yes, December 31, 2017. Mayor Bronson then commented the Council just got copies today, asking if that is normal procedure that the Council does not review these. Mr. Hammerbacher asked if they came in the mail today. Clerk/Treasurer Kwiatkowski replied they came in the mail today, but he got the electronic copy and that went to Council over the weekend or it should have. Mr. Hammerbacher stated that is not normal; they usually send an electronic draft to be reviewed by management to see if there are any changes to be made before it is submitted. Mayor Pro Tem Couture asked if that is before it is submitted to the State Treasury. Mr. Hammerbacher answered yes, noting it was submitted by December 31. Mayor Bronson asked if the Council should not be looking at the audit before it is submitted and is that not normal procedure. Mr. Hammerbacher said he will take the Council's comment back to his boss and say the Council wants to see these reports earlier than what they are getting them. Mayor Bronson stated Council would like to see them and make comments before they are filed with the Treasury, which is what is normally done.

Mayor Pro Tem Couture asked regarding the segregation of duties and knows this has been brought up before and this is reoccurring, asking if this is the norm with a City of this size that this happens. Mr. Hammerbacher answered it is. He noted he is a former Township Treasurer and he was doing the books, making deposits, and reconciling the bank accounts. Mayor Bronson commented you have to have a fairly large staff to be able to have that segregation of duties. Mr. Hammerbacher stated usually larger cities have a Finance Director. Mayor Bronson asked for any other questions and then thanked Mr. Hammerbacher.

Councilman Lavender moved to accept the 2016/2017 Audit as presented by Gabridge & Company, PLC; supported by Councilman Temple. A roll vote was taken; motion carried unanimously.

Bills and Disbursements:

▪ Prepaid Bills and Disbursements for the Month of December 2017.

Mayor Pro Tem Couture inquired if the City flags are here. City Manager Eustice replied they are here and we have about 25 or 30 in-house.

Councilman Lavender moved to approve the prepaid bills and disbursements for the month of December 2017 in the amount of \$392,638.37; supported by Mayor Pro Tem Couture. A roll call vote was taken; motion carried unanimously.

▪ Unpaid Bills and Disbursements for the Month of December 2017.

Mayor Bronson informed the Council there is an updated list of the unpaid bills. Mayor Pro Tem Couture inquired if the ads, minutes and newsletters for all departments is pursuant to

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the City Charter. Clerk/Treasurer Kwiatkowski replied as far as the minutes go, this is on later on the agenda, which is an opinion from the City Attorney and draft policy. City Manager Eustice stated the newsletter is a quarterly newsletter that the Tribune prints.

Councilman King moved to approve the unpaid bills and disbursements for the month of December 2017 in the amount of \$ 31,493.05; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

Department, Boards and Commission Reports:

■ **Brownfield Redevelopment Authority Board Minutes, December 11, 2017** – City Manager Eustice reported the City has disbursed to the Straits Area Federal Credit Union (SAFCU) brownfield reimbursements for the first time. They went through the City of Cheboygan Brownfield Redevelopment Authority to make the improvements to the SAFCU rebuild; they purchased three buildings that they demolished that contained contamination on the properties. These credits will basically help pay for their tax bills. City Manager Eustice went on to state he is still working with Mr. Mac McClelland of Otwell Mawby, who basically managed the project, because the amount of dollars that they are to be reimbursed, in his opinion, is going to take too long of a period of time. Normally you reimburse in a 10 to 12 year period and based on what we are capturing it is going to be more like 25 years before they are reimbursed; so, there is an issue there, in his opinion, that they are going to try and resolve. The County Treasurer captures those dollars and he thinks what they captured is correct for all intended purposes, but something needs to be looked at. Mayor Bronson asked if the Cheboygan Marina is complete. City Manager Eustice replied there is one more payment next fiscal of just over \$6,000 and that project will be closed out. Mayor Bronson then asked if there is a new one coming up. City Manager Eustice stated that the former Cheboygan Hardware building is a possibility for brownfield tax incentives. They are currently doing a Phase I and Phase II Environmental Study on it and there may be some benefits there. Mayor Bronson commented all along the River there has always been issues, noting that property is also in the DDA. Mayor Pro Tem Couture asked if a project qualifies for brownfield, the taxpayer/property owner gets a reimbursement of taxes or tax break. City Manager Eustice explained they get a reimbursement for eligible expenses, such as ground contamination and asbestos in the building. At one time the hardware store had an underground tank on the property, and still contamination may be there. Mayor Pro Tem Couture inquired how the property owner is reimbursed. City Manager Eustice explained typically local tax dollars are captured, but because the property is in the DDA they capture the State Education Tax and the School Operating Tax, but the schools get reimbursed for that from the State. Mayor Bronson clarified the property owner gets a check, not a credit.

Councilwoman Riddle asked if the City Manager would be giving a report on the Gold Front property. City Manager Eustice replied yes.

Unfinished Business:

■ **Consideration of Change in Publishing City Council Meeting Minutes in Cheboygan**

Daily Tribune - Clerk/Treasurer Kwiatkowski stated this is something that was brought to his attention and it is what the County currently does – they no longer publish minutes. They publish a notice of minutes. Deputy Clerk Janet Gahn is really good about getting them on our website right away once they are approved and we have hard copies that are readily

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available. We spend thousands of dollars each year to put them in the paper, which is why he asked for the legal opinion. Our attorney thinks we are fine just giving notice like the example Council has in front of them. Councilman Lavender asked what the current cost of publishing minutes is. Clerk/Treasurer Kwiatkowski replied he can get that information, but would say the average bill for Council minutes will go anywhere from \$75.00 to upwards of \$200.00 depending on the length of the meeting. We currently only publish the motions and votes; none of the verbiage/discussion is published. Clerk/Treasurer Kwiatkowski stated the City Newsletter for December was \$800 to \$900. Mayor Pro Tem Couture asked if this is quarterly. Clerk/Treasurer Kwiatkowski replied yes. Clerk/Treasurer Kwiatkowski informed Council the other thing we have done is to begin purchasing stationery and envelopes from the Tribune at quite a savings and there were some of those items on this month's bill. Mayor Pro Tem Couture asked if we develop the newsletter and the Tribune prints it or does the Tribune develop it based on information we give them. City Manager Eustice stated we develop it, noting Deputy Clerk Gahn basically organizes and develops it and the Tribune prints it. Mayor Pro Tem Couture asked if they print and mail. City Manager Eustice replied yes, noting it is also available here and multiple places in the City. Mayor Bronson noted it is delivered in the Shopper's Fair asking if it is delivered by zip code. City Manager Eustice stated it does go outside the City also. Mayor Pro Tem Couture asked other than the minutes, is there a recommendation to print and mail the newsletter as well, or is that something that will be too time consuming for the staff to do that. He stated he did not know we went outside for the newsletter, as far as printing and mailing. City Manager Eustice stated for the time we would put into that to print and mail them, it is less costly to have the Tribune do that. Mayor Pro Tem Couture stated good enough that is all he needed to know. Mayor Bronson noted the Library gets newsletters to distribute. Clerk/Treasurer Kwiatkowski stated the City gets a separate monthly bill for the DDA for their minutes and if Council would like he can look into that too and see about putting them out on our website because right now we only put out special and regular Council minutes. Mayor Pro Tem Couture asked if this is a fairly simple process to do the change. Clerk/Treasurer Kwiatkowski replied yes.

Mayor Pro Tem Couture moved to approve the change in publishing the City Council meeting minutes in the Cheboygan Daily Tribune and adopt the Policy for the same; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

■ **Consideration of Billing all Sewer Customers in the Inverness Township Sewer District Operation and Maintenance Fees based on REU's Applied to Properties in the Sewer District, which is allowed by Contract** – City Manager Eustice stated this matter was tabled from last month when County Administrator Jeff Lawson was here. We did say we would put it back on the Agenda for January. There are a couple of things he wants to update Council on before they make a decision. He went on to state that he and City Attorney Stephen Lindsay have looked through the Contract and believe that the billing practices should be that a debt service fee and operation & maintenance fee be charged to all property owners in the Sewer District and currently that doesn't occur. There are roughly 199 sewer customers being billed right now – 79 of them are either being partially billed for operation & maintenance because they are seasonal (gone for 6 months at a time) or not being billed at all because there is no sewer. The determination was that they don't pay operation & maintenance. This is something when he and the City Attorney looked at the Contract that approval is also needed from the Township that all property owners in the District will have to

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pay operation & maintenance. It appears that when Wade Trim did the initial studies that it was their intention to bill debt service and operation & maintenance to all property owners in the District. City Manager Eustice went on to state Mr. Lawson wants this to be part of the negotiation between the Township and the City. Mr. Eustice does not think it would be an issue if Council did make the motion to do that, so that it is on the table. Again, we can't automatically do it; we are going to have to go to the Township and get their interpretation of the Contract. The original Contract does say that the County has to approve it, but then the first amendment to the Contract says the County basically granted the administration of these contracts to the Township. It would be their position to review it and determine what should be billed. It may be that the practice would be to at least bill all those sewer customers that are seasonal because it does say in the Contract that we will bill the Township how we bill the City users and for the City sewer users we do have a flat rate fee and we do bill them year-round. There are a couple that we have metered sewer systems while they are gone and as long as we can meter the sewer usage then we can bill them seasonally. We are at the point where we should be billing flat rate sewer to all customers that have sewer and we are not doing that today. Mayor Bronson asked if the amount of money this would generate would fill the gap that we are seeing between what we are collecting now and what the cost is. City Manager Eustice answered it is very, very close. We are basically collecting about \$71,000.00 a year for the operation & maintenance of the system, and we are spending \$94,000.00. DPW Director Karmol has proven what the costs of the operation are and it is difficult to pinpoint it. It is not like we are putting \$28,000.00 into the bank that we should be because we absorb it into the cost of the entire sewer system of the City, so you do not see that dollar for dollar loss. It is a manpower and equipment loss. Mayor Pro Tem Couture commented this is essentially something the City feels needs to be addressed and essentially fixed in regards to the current existing Sewer Contract in Inverness Township. City Manager Eustice stated that is correct. Councilwoman Riddle asked if we are receiving less revenue now than when we did when the Contract started and the reason for the shortfall is what. City Manager Eustice replied most of the reasons for that are sewer usage changes, seasonal users and some properties that have come off and we no longer collect operation & maintenance on. Councilwoman Riddle asked if this is what we are trying to correct and get us back where we were when we went into the agreement. City Manager Eustice answered yes. Councilwoman Kwiatkowski commented she thinks this is a need and understands it's a shortfall, but thinks the timing is not good. She then stated what we need to do is write a 425 that Inverness will sign and get some development going, progress going and come back to Inverness and do this. People will be a lot happier and a lot more willing to give, then just to dump it on them now and then have the City get a black eye, because they don't understand the loss that we are taking. It is bad timing. City Manager Eustice said that was a very good comment, noting we are very close to a mediation session. He spoke to Mr. Jeff Lawson today, who would like two Council members and two Township members, along with DPW Director Karmol and himself to meet. This matter will be one of the topics, along with the 425 and Utility Service Agreement (USA). Councilwoman Kwiatkowski asked how long the mediation takes. City Manager Eustice replied he does not know, but he feels it will take at least a couple of meetings – two to three weeks. Councilwoman Kwiatkowski asked if we don't need to get started on our second water tower this spring and will that happen if we do not have a 425. City Manager Eustice said we are still going to approach that and is unsure that is going to happen in the spring. We do have a meeting prior to the January 23 Council meeting at 5:30 p.m. Mr. Mike Engles from Rural Water is going to make a presentation on our water rates

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because we need to make a determination on how we are going to raise our water and sewer rates to help pay for that. We are preparing our Water Master Plan that includes a second water tower regardless of Meijer's or what Inverness Township needs. All of this will be discussed at the January 23 meeting at 5:30 p.m. Councilman King stated he is in agreement with Councilwoman Kwiatkowski, although his patience is getting low on the whole situation. He would feel a little more comfortable waiting a little bit, asking about historical documentation and who determines how a customer (user) is billed and why it has been done this way. He would like to see a little more information as to who decided to do it this way. City Manager Eustice replied it appears it has been done right from the start. When the initial billing took place, he thinks both parties (City and County) made a determination that that was the way it should be done – not charge O&M people that don't have sewer and not charge seasonal people that don't have sewer, even though it says in the Contract that we would charge the seasonal users the same as we would in the City. One of the reasons City Attorney Stephen Lindsay, himself and DPW Director Karmol want to rewrite the Contract is because of that and there are no definitions in the Contract and it is very vague what you can and cannot do. We need to rewrite it to define it and get a more clear understanding of what we should be doing. In our opinion the way it is written we can bill those operation & maintenance to all property owners. We also need the Township to agree to that, according to the Contract. Councilwoman Riddle asked if we currently have City residents who are paying water and sewer who are not hooked up. City Manager Eustice replied if they have no water or sewer, they do not pay a user fee. We do have City taxpayers that don't have water and sewer that pay special assessments for water infrastructure and sewer infrastructure and they are on the tax bill. They are referendums and voted for as special assessments and all City taxpayers have to pay that. Councilwoman Riddle said so there is credence to the suggestion that if you are in the area and have the ability of hooking up, then there is a responsibility to be involved and City taxpayers are doing that. City Manager Eustice stated true. Mayor Pro Tem Couture said it was his initial feeling that this was something that was necessary to recoup what is stated in the Contract. With the knowledge that it needs to have Inverness Township official approval as well, he feels it would be prudent to wait on this because of the negotiations that hopefully do take place and that should be part of the discussion. This motion hopefully will not be necessary if we can get to the next level through mediation of some sort of contract that both parties can agree to, which is the way he sees it on this particular agenda item. Councilman Lavender stated he agrees that the timing is bad and thinks it should be part of the entire mediation process. Also, if we talking about billing people what are we billing them and who are we billing. Are we billing all 199 properties or not and is there a dollar amount we are going to bill them. He thinks we need to have that information, too. We are just saying we are going to bill people but don't have any details of what that bill is going to be. City Manager Eustice said we can break that out, noting there are Residential Equivalency Units (REUs) assigned to all properties in the District. The rate for an REU for debt service is a little higher than the rate for operation & maintenance. An REU for debt service is roughly about \$29.30 and the rate for operation & maintenance is \$23.50, or somewhere in that range. If you are a single-family residence and have one REU assigned you pay a debt service fee and an operation & maintenance fee. Councilman Lavender said if we are going to throw this at the Township but we don't have the details of what we plan on billing their Township residents, he feels would be a bad move on our part because it is going to get us back into the situation of a stalemate with any type of talks. Again, he is in favor of waiting to see what mediation comes up with the water development.

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City Manager Eustice said this is Mr. Jeff Lawson's opinion, too. Councilman King stated if we do come back to this, he would like a more detailed breakdown of it per resident/customer.

Councilwoman Kwiatkowski moved to address/revisit this matter after the mediation process takes place; supported by Mayor Pro Tem Couture. A roll call vote was taken; motion carried unanimously.

General Business:

■ **Consideration of Appointment of Committee to Look at Staffing Levels and Job Descriptions** – Mayor Bronson commented the Council has been having a discussion in the last year or so about our staffing levels and job descriptions, budgeting process and upcoming retirements to get a future vision of what is happening. While they have been working on this, Councilman Lavender and he found they both had contacts with the Michigan Municipal League to see if they would provide some assistance. The MML does not provide that service but they have made a recommendation of a consulting company that could do what we want. Mayor Bronson went on to state he thinks it might be a good idea to have someone in that specializes in doing this. He does not know if it has been done at the City level ever, but thinks it might be time. He would like to have a three member committee to talk to the MML, talk about consultants they recommend and see about moving this forward. He is asking for volunteers for this committee. Councilman Lavender, Mayor Pro Tem Couture and Councilman King volunteered. Mayor Bronson asked Councilman Lavender to share his information. The Committee will go through the City Manager to schedule their meetings. Mayor Bronson added he would like to get the first session started fairly quickly. City Manager Eustice asked the Committee members as to when they are available and he will schedule it.

City Clerk's and Treasurer's Comments: (None)

City Manager's Report:

■ **Snowmobile Trail Bridge** – City Manager Eustice informed the Council the snowmobile trail bridge is in place and is functional. A lot of people were involved in getting the temporary bridge in place for the snowmobile season, as it is a critical time of year for us because the economic situation is very important to our community. Some of those involved were the trail group, trail groomers, Lee Chatfield's office and Wayne Schmidt's office that put together a project for the MDNR to get us a temporary bridge in place. The bridge is located in the City of Cheboygan and is also located in a critical area as it is a very important connection between Mackinaw City and the City of Cheboygan. There was an alternate route set-up that was about 2 ½ miles that included State Street.

■ **Recreational Authorities Presentation** – City Manager Eustice reported on January 29, 2018 at the Inverness Township Hall, Mr. Harry Burkholder is going to make a presentation about recreational authorities. Mr. Burkholder is available all day, but a time has not been set yet. We are going to bring in multiple townships for the presentation and discuss how recreational authorities work and how they can benefit our communities. The situation we just went through with the trail bridge a recreational authority would have been able to help with Mr. Burkholder has a presentation and will be accompanied by another individual who is also somewhat of an expert in recreational authorities. Both of these gentleman have developed recreational authorities. City Manager Eustice informed Council that a recreational

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authority would have to be established by a vote of all participating units of government and every unit of government would have to pass a recreational authority amendment to have the ability to levy a millage up to one mill. The Authority will manage for all participating units of government. Through the Recreation Commission we have identified a very serious shortfall in the operation of our Recreation Department and, as Council saw in the audit, the Ice Rink Pavilion lost \$56,000.00 last year. We have a tremendous need in all of our recreational properties from City Beach to Major City Park. Many units of government other than the City of Cheboygan use these facilities. We are going to try and rectify that financially to help improve our parks and recreation. This is not just for the City of Cheboygan, but the City of Cheboygan is going to have the biggest need because we have the majority of the recreational property. There would be a Board established and that Board would determine how those recreational dollars would be spent. Of course, some of the money certainly will be spent in the participating townships. Councilman King asked if any of Council cannot attend the presentation he would like a copy available by e-mail. He wanted to know how Mr. Burkholder is going to form his presentation. City Manager Eustice replied Mr. Burkholder's PowerPoint presentation is about 45 minutes and is generic, noting Mr. Burkholder knows a lot about Cheboygan so he can tailor it. It is basically an educational session of how recreational authorities work and how they can be effective. City Manager Eustice noted the meeting on the 29th of January is a Monday, which he thought was better. He talked to Inverness Township Supervisor Ron Neuman about having it at Inverness Township Hall, but we could have it at the high school or anywhere. Mr. Burkholder had recommended not having it in City Hall. Councilwoman Riddle asked if the Fairgrounds would be included in the recreational aspect. City Manager Eustice replied yes. Councilwoman Riddle then asked if the County would be invited. City Manager Eustice stated usually the counties don't participate as far as being part of an authority, but there are County recreational properties located in the City that could utilize dollars to improve, if necessary.

Councilman Temple stated the Ice Pavilion lost \$56,000.00 this last year asking how much longer it can hang on. City Manager Eustice replied about two years, noting the City is taking measures to change that. Even though we don't have to file a deficit elimination plan, Ice Rink Manager Coxe, Clerk/Treasurer Kwiatkowski and himself are looking at rectifying that situation. It is not easy, noting the number of participants are going down and we are not selling as much ice as we did five to eight years ago. It is a decision we are going to have to look at if we can't balance the budget. If we are going to continue to run the operation of the Rink, the General Fund is going to have to absorb the cost. Mayor Pro Tem Couture commented some things come out of the General Fund on a regular basis that we fund right now such as the footbridge. Councilwoman Riddle asked if open-skating gone down or holding its own. City Manager Eustice replied it is pretty flat. Mayor Pro Tem Couture commented the open-skate users do not pay as much, the users of the ice that pay are the open leagues, recreational hockey, etc. Councilwoman Riddle stated when the vote went out for the pavilion all the residents put money in from their taxes – not all of them knew hockey but some of them were skaters that like open skate so they are just as important. Mayor Pro Tem Couture agreed, stating he feels it is very important for open-skate, which is why he does not want them to be charged very much. Councilwoman Riddle said we need to figure out a way to pay for the Rink. Mayor Bronson commented this will be looked at by the Committee appointed tonight, i.e. Recreation Department and the cost to the City. Councilwoman

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Kwiatkowski commented it all goes back to some development in town; get 250 new jobs in here and see how many more leagues there are at the Ice Rink. We can't keep going downhill and having nothing here for people. People leave for jobs so they can pay their bills.

- **Marketing Port Initiative Team** – City Manager Eustice reported there is a Marketing Port Initiative Team that has been meeting and Sharen Lange, owner of the Nauti Inn, has joined the Team and thinks she will be a great asset to help us with the marketing side to try and find an industrial investor that would locate here and use the Port. He went on to state this is a good Team in place and Kokosing and Ryba are basically the Port operators and are very cooperative in trying to help us develop the Port and try and get an investor here. Throughout this year we are going to work very hard on marketing and trying to find an investor for manufacturing and utilizing the Port. They are not just going to focus just on the Port, as they will be focusing on manufacturers that want to come here and do not need to use the Port. They are going to make something happen and other companies will follow. He noted we have an Industrial Park and Industrial Facilities Tax Exemption District with not much industry in there with a lot of available opportunity.

- **Presentation on January 23, 2018 at 5:30 p.m. on Water and Sewer Fees** – City Manager Eustice reiterated that on January 23, 2018 at 5:30 p.m. before the Regular City Council Meeting, Mr. Mike Engles from Rural Water will be here to make a presentation with DPW Director Karmol and will lay out what types of fees we need to raise to get to the budget and then to do capital improvements. There will be a set of numbers for Council to look at, in addition as to how we are going to attack the infrastructure improvements, including the water tower. Right now there is not a lot of grant funding so we would have to do it all with loans. The USDA has been looking at us very favorably. We are a low to moderate income community so we can get low interest rate loans, but we need to have a long-range plan on how we are going to improve the infrastructure of the City. Mayor Bronson commented the length of loans might be going down. City Manager Eustice replied according to Mr. Blake Smith of the USDA they are going to stay at 40-year loans. The City of Cheboygan is like in a 2.25% range right now. Mayor Bronson then commented on the reducing of bacterium in the system, so this might be something to do now rather than waiting.

- **Gold Front** – City Manager Eustice informed Council the County is going to send out bids on a combination of demolition and engineering. They did send out bids on just the engineering side, but only got one bid back from Fieldstone, a local firm, and they would not guarantee the liability on their engineering. So the County is going to send out construction and demolition bids and the engineering side will be the responsibility of the contractor. County Commissioner Richard B. Sangster stated that was correct. City Manager Eustice stated he is meeting Friday with Mr. Jeff Lawson and DPW Director Karmol because the grant for the demolition of the Gold Front has to be completed by July 31 and the City's grant for the Huron Street project also has to be completed by July 31. There is going to be a combination of construction going on in that area, so they will be coordinating that.

Councilwoman Riddle asked Clerk/Treasurer Kwiatkowski the last time there was a rate increase on water and sewer. City Manager Eustice replied there was a water increase in early 2009 and the sewer was early 2000s. Clerk/Treasurer Kwiatkowski stated the problem we are having with the Sewer Fund right now is that our expenditures are exceeding our revenues for the last two years in excess of \$100,000.00 a year. What they are going to do with the rate study is get you up to funding the budgeted amounts and then anything beyond that would be

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for projects. The sewer system is not doing well, but the water system is doing fine. Councilwoman Kwiatkowski commented if we don't raise rates grants and loans will go up. Clerk/Treasurer Kwiatkowski stated water rates were raised in 2011 in order to qualify for water bond funding.

Messages and Communications from Mayor and City Council Members:

- **Center Street Water Quality** - Councilman King asked how the water quality is on Center Street. City Manager Eustice stated it is improved, noting we still need a final solution. We are running water continuously into the storm sewer. The residents are okay with it temporarily.
- **Mini-Excavator** – Councilman King stated he is happy to see the new snow blower being used, noting there are a couple spots where it is not done – Ryba Marine Office and Continental Inn sidewalk. Then it picks back up. He does not understand the logic and thought it was supposed to be used in the DDA District. City Manager Eustice stated he will check with DPW Crewleader Fein.
- **Cheboygan Armory** – Councilman King asked for a status on the Armory. City Manager Eustice stated it is in limbo right now and he talked to Lansing and they are not going to rebid it. They will, however, taken an offer for what it appraised for - \$260,000.00. The County passed a Resolution to try and get it opened back up. There is some contamination on the property. Mayor Bronson noted the sale did fall through because of contamination, which the National Guard is unwilling and reluctant to address. The cost of doing a clean-up is more than the value of the property.
- **Port** - Councilman Lavender stated he has been attending the Port Initiative Team Meetings, noting it is a good project and the Port has been a long ongoing process and is still at the beginning phases really. All the fundamental port-to-port and the Port operation are now in place so now the focus of this Initiative is jobs basically. This is a group of people working hard to do that.
- **Board of Review Training** – Mayor Pro Tem Couture informed the City Manager and Council that on January 16, there is Board of Review Member Training. It is for actual members of the Board of Review. Since he has been on Council they have never gone to a training. It is in St. Ignace from 1:30 p.m. to 4:30 p.m. and it is \$40.00 total for the whole unit, so no matter how many of us went it is \$40.00.
- **Taylor Street Sidewalk** - Mayor Bronson told Chief Jones, particularly on Taylor Street, he almost got run over by snowmobilers coming down the sidewalk. They did go around him but got back on the sidewalk. They come off the trail and go right down the sidewalk. He asked Chief Jones if there is something we can do to stop that. Chief Jones replied he talked to DPW Crewleader Fein a couple weeks ago and he was going to put streamers up on the corners. Mayor Bronson said he has not seen anything. Chief Jones stated he will check with DPW Crewleader Fein tomorrow.
- **Four-Wheelers on City Streets** – Mayor Bronson asked Chief Jones if four-wheelers are now allowed on City streets. Chief Jones answered that was approved four or five years ago and can go fast enough to maintain a forward motion.
- **MML Magazine** – Mayor Bronson stated in the recent MML magazine there was an article on archiving e-mails and the Open Meetings Act that all correspondence, text messages, e-mails of City Council members should be archived. He asked if the City has a plan for the e-

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mail we are using now for archiving. City Manager Eustice replied not at all. Mayor Bronson then stated he wanted Council to be aware that if someone submits a FOIA request they can request all your text messages, e-mails, etc. It would be nice to have them in a central location. Councilman King noted it should be on the City’s server. City Manager Eustice said he will ask Mr. Ginop about that. Mayor Bronson then commented there has been an issue with the City’s website and e-mail today and it continues.

Adjournment:

Councilman King moved to adjourn the meeting at 8:16 p.m.; supported by Mayor Pro Tem Couture. 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