

REGULAR CITY COUNCIL MEETING
February 13, 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: King, Riddle, Couture, Kwiatkowski, Lavender, Bronson and Temple

Councilman King led the Pledge of Allegiance to the Flag.

Public Comments:

Cemetery Contract/Bidding – Mr. Ray Lofgren read a portion of the City’s Ordinance regarding buying or exercising contracts that are, if he is not mistaken, over \$5,000.00. Going back, if he remembers, it was \$500.00 and now it is \$5,000.00, which he thinks is a little exorbitant. He read from an Ordinance Book, being Article 10-15. Mr. Lofgren then stated he is sure there are amendments to that. He went on to say at the last meeting our Clerk suggested that he does not have the time to spend with a possible new person that gets the bid for the Cemetery. The current contract was a three year contract and it has been inked by previous managers and Mayors that have given the privilege of managing the Cemetery to the Clerk and he does not have any problem with that. He has a problem with this not going out for bids or any other large amount not going out for bids. Mr. Lofgren then stated he thinks the Charter says you should advertise for bids when something is over and above and you should do it accordingly. Mayor Bronson commented this was a question Council had at the last meeting and hopefully there was clarification.

Approval of Agenda, and Receive and File all Communications:

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

Approval of Prior Meeting Minutes:

Councilman Lavender moved to approve the Regular City Council Meeting Minutes of January 23, 2018 as presented; supported by Councilman Temple. Motion carried unanimously.

Bills and Disbursements:

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

Mayor Bronson inquired as to the amount of the City’s annual recycling fee. Clerk/Treasurer Kwiatkowski explained that is one recycling permit for all departments. Mayor Bronson stated the Library gets a permit and its cost is \$35.00. Mayor Pro Tem Couture asked if they pick-up or do we take the recycling. Mayor Bronson explained the City drops off cardboard, paper, etc. Clerk/Treasurer Kwiatkowski stated the recycling is done by the Parks & Recreation Department. Mayor Bronson stated he is wondering how the rate is determined. Clerk/Treasurer Kwiatkowski said he will find out from the County. Councilwoman Kwiatkowski asked if the City uses the recycling. Clerk/Treasurer Kwiatkowski replied he does not think we get our monies worth. City Manager Eustice interjected we do use it and we use the Wednesday service at the Fairgrounds, also. He believes they do charge us a fee

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for what we drop off at the Fairgrounds. Councilwoman Riddle said she thought the fees at the Fairgrounds were being done away with with the additional dollar that everyone is paying. Mayor Bronson replied not for businesses; it is only for residential. Also, Goodwill has a recycling program with Dell and will take computers for free.

Councilman King moved to approve the prepaid bills and disbursements for the month of January 2018 in the amount of \$611,564.20; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

▪ Unpaid Bills and Disbursements for the Month of January 2018.

Councilman Lavender moved to approve the unpaid bills and disbursements for the month of January 2018 in the amount of \$39,891.72 supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

Department, Boards and Commission Reports:

▪ **Department of Public Safety Monthly Statistics, January 2018** – Received and filed. Mayor Pro Tem Couture stated he sees we paid for the new trucks for the DPS, asking when we are going to be getting those. Chief Jones stated we have them, noting the mechanic is putting them together.

General Business:

▪ **Consideration of Water/Sewer Rate Increases** – DPW Director Karmol asked Council if they had any questions from his memo to Council or the charts, which he believes are what Council was looking for and depending on how many units they use in a quarter, they should be able to follow that chart and decide what rate suits the Council. He also informed Council that Option “C” is the only one that makes us grant eligible for both water and sewer. The other ones might make us grant eligible later in time, but those grants are falling away. Ms. Lisa Fought, who put the value of the water system information together, was invited to attend tonight’s meeting but could not make it; however, she wanted to emphasize is the grant opportunities are going to become less and less and what we are going to see more and more of is low interest loans at best. She does not see grant opportunities continuing, although there are still some available. Councilwoman Kwiatkowski asked if Council went with Option “C” tonight when the City can start applying for grants. DPW Director Karmol replied tomorrow, explaining the grant applications usually take about a year to process, so we could start working on grant applications and say that our rates are effective July 1. So in the process of this application, we will pass that threshold by the time the application were to get approved. Mayor Pro Tem Couture asked if there was any way they could say no to potential grant funding we would qualify for. DPW Director Karmol answered right now the USDA is our preferred partner because they have grants and near zero interest 40-year loans. We called them about our grant eligibility because that would be our preferred partner and we were told frankly that Option “C” was the only one that made us grant eligible and the other two Options, even though sewer might be grant eligible in Option “B”, we would still have to argue that point. One of the downfalls of balancing the Budget is the water was supplementing the sewer so when he made those balanced Budgets there is a bigger discrepancy between water and sewer rates. So looking at those rates, sewer qualifies earlier than water now with those balanced Budgets. Councilman Lavender asked if there has been any news with the latest Federal Spending Bill because there is a lot of infrastructure money

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tyed to that. DPW Director Karmol informed Council he was just in a meeting with the MDEQ today and he was asking that question. They don't think it is going to be in the form of any grant money. What they want to do is make available the money for communities to upgrade their infrastructure, but it is not looking good on the grant picture as far as giving away grant dollars. Because of how far this money needs to stretch, the best they can do is a loan and get it repaid and keep going in order to do the amount of infrastructure that needs to be replaced; not just here but nationwide. Councilwoman Riddle stated so a low interest loan is what they are looking at more than grant funds. DPW Director Karmol replied correct, noting the MDEQ right now has a 20-year loan that has loan forgiveness depending on your financial feasibility. That might be an option, but the 20-year loans are pretty pricey; the 40-year loan is much better, especially on water mains that will last 40 years or so. He does not like to fund mechanical equipment with 40-year loans, but certainly hard pieces of infrastructure. Councilman Lavender stated he had asked before about infiltration in our system and he did a little bit of reading, noting DPW Director Karmol did give him some numbers. He read a lot where there is an actual study that can be done, asking if we have ever had that done. DPW Director Karmol replied no, noting it is unfortunate in 2013 and 2014 there was a \$300,000,000 Stormwater Asset Management Program that most cities qualified for and received funding; many studies are being done through this grant that includes putting sensors on your manhole covers so that you get telemetry in real time a flow is going by certain sewer and stormwater basins. The studies are kind of expensive with rental equipment. He saw millions of dollars go out to communities that applied at that time; right now he thinks that those technologies will become available to us when some of these SAW Grants run out and unfortunately the SAW Grant was not captured here. City Manager Eustice informed Council the cost of that type of analysis is about \$700,000 to \$800,000, adding but most communities are doing it with SAW Grants. DPW Director Karmol told Council that is also something we can start to investigate ourselves with a sewer camera. There is a lot he can do with a sewer camera about how much flow is coming in and it will at least give us a determination of which are the worst pipes and give us a pecking order to replace these. It will be a while before we lose all the infiltration we have, but right now his plan is to work out from the Plant because he can tighten up everything that comes from the Plant and that is where they are starting, and the other Plan is to take a sewer camera and start to look at some of these places where we have large pipes and look for cracks in them and replace them.

Mayor Pro Tem Couture commented when he walked into tonight's meeting he was thinking Option "B", and he really is not anymore. He knows there is no way to project how much grant money we could potentially get over the course of let's say three years, and that is really the big picture. He has five to six family members in his house in a given week and it is a pretty healthy increase, but it really breaks down to \$25.00 per month. DPW Director Karmol said he will give Council a couple of examples. The 6.9 million in wastewater improvements, if we were qualified for USDA, would be 75% grant, or 5.7 million in grant funding. He noted he is just throwing some figures around in his head. He went on to state let's say we have a water tower project that is 2 million dollars and if we qualified for a 75% grant, that is 1.5 million. In doing a breakdown, the 1.5 million to our customers would require him to pull out \$1,200.00 out of every customer some way, be it a dollar at a time or two dollars in ready to serve. It is \$1,200.00 he needs to get back for that grant money, so if we can obtain these grants then that furthers how far this money if we get it goes. Mayor Pro Tem Couture

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commented it would be really nice if this was a stepped process until now because it is a lot for people to swallow. DPW Director Karmol replied it was difficult for him to give Council a compromise because the MDEQ and EPA would really like him to make a 20-year plan and the 20-year plan was 144%. He put that one off because he can't almost triple it so we have to look ahead with a 10-year plan, which are short-term improvements. They wanted him to tell Council how to balance the budget and they wanted him to advocate for short term improvements, 0 to 10 year improvements, which is what he packaged and these are the numbers that presented themselves. He pointed out on Option "B" he will probably be back in three years again. Mayor Pro Tem Couture commented that is really his hold up, that he is going to be back here and this is just another band aid. Councilman King said an increase, especially towards constituents, is never good in tight times like they are, but he looked at his cell phone bill and Charter bill, briefly discussing the same. He went on to state that if you turn the water on water comes out; if you flush the toilet the water goes where it should. It is infrastructure we are looking at down the road, this is something that is necessary for our City. He keeps on trying to think of it in that light, although it is tough to look at. DPW Director Karmol stated the Council is struggling with the financials, but he told Council the water he pumps out of the ground is excellent. People work really hard and spend a lot of money at filtration plants to introduce this quality of water. He is just trying to get it to the customer. Right now he has a couple areas in town that really don't like the water that is coming out of their tap and he is holding up crystal clean water at the well and then going to their home and looking at what they are getting. This is part of that delivery system, as well. We need to keep that crystal clean water going to their tap so people are happy. They might not appreciate the quality of water at their tap because it's just been there and it is hopefully going to keep being there if we fund it. Councilman Lavender asked DPW Director Karmol if he is looking for guidance on a fee structure and once he gets guidance from Council tonight is that it, do those rates go in affect or there is a public hearing, or is there more of a process. DPW Director Karmol explained there is more of a process, adding this is part of a bigger package because depending on what Council selects, he has to do a flat rate sewer, so what he is going to do is take the fees that Council gave him and put 14 units on it, because that is our average, and that will determine our flat rate sewer. This is part of a bigger rate package, but this is the biggest influence on the City. Most of the other rates he is proposing, the water testing fees, sampling fees, septic hauling fees, etc. are all tertiary things that the City residents do not really use all that often. These are services that we offer to mostly to non-residents. He figured Council would not have a huge problem with him correcting those fees that the citizens didn't use because he wanted Council to focus on what the meat and potatoes are and that's the nearly 1300 residents that will be directly affected by this decision and then all the rates will follow that. He noted that right now they are charging \$12.00 for Bactrim testing at the Plant and we are going to go to \$18.00. Fees like this need to be corrected all across the board. Councilman Lavender asked if there is going to be a period for public input on these actual fees. DPW Director Karmol stated he did not go into depth as to how this is going to affect the business owners, so he would like to present this to the DDA before July. He really only has a few weeks after this meeting to put this together; he needs to get the blessing from the City's Attorney and bring it back to the Council for adoption, but it will be part of a package that includes all of the fees, but this kind of sets the precedent of where the other fees land that are related to the City because he is going to use this as an example to keep fairness to all of our utility customers.

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Mayor Pro Tem Couture moved to approve the Water and Sewer Rate increases, as presented in Option “C” and approve the Proposed Tap Fees, effective July 1, 2018; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

▪ **Consideration to Take Annual Financial Audit Request for Proposals** - Councilman Lavender asked if this is for permission to get proposals. Clerk/Treasurer Kwiatkowski stated that is correct and it is for the periods ending June 30, 2018, June 30, 2019 and June 30, 2020. He has some firms he will be sending copies of the Request to and it will also be placed in the paper. Councilman King also stated it should go in the RFP section on the website.

Councilman King moved to approve the taking of Request for Proposals for the Annual Financial Audit; supported by Councilman Lavender. A roll call vote was taken; motion carried unanimously.

▪ **Consideration of Bids for N. Huron Street Water Main and Sanitary Sewer Replacement Project MEDC Grant MSC-216009-ICE** – City Manager Eustice explained to Council this was a Grant that has been extended into this year, noting it needs to be completed by June 30, 2018. This is for the Huron Street water main and sanitary sewer from Lake Street to Backus Street. City Manager Eustice then informed Council they hope to apply for an ICE Grant for next year, also. He explained it was bid last year, but the bid from Team Elmer’s came in pretty high. We had some contamination issues that we had to take care of, so we asked the State to extend it into this year and they did. We rebid it hoping that we would get some lower bids, which did not materialize. We received four bids: E.F. Wilkinson & Sons, J&N Construction (Gaylord), M&M Excavating (Gaylord) and Team Elmer’s (Traverse City). He noted a summary is attached to his memo with the true costs of projects. The bids ranged from \$1,194,007.50 to \$1,304,767.50. The lowest bid came in from E.F. Wilkinson & Sons at \$1,194,007.50. Mr. Brian Boals, an Engineer with Gordie-Fraser, City Engineer James Granger, DPW Director Karmol and himself met and discussed who we should choose for this project and made a determination that E.F. Wilkinson & Sons, who is a Cheboygan firm, is qualified for the project and they believe can successfully complete the project, so their recommendation is to go with E.F. Wilkinson & Sons, Inc., who also has the lowest bid. Councilwoman Riddle asked when the project would begin, after the frost goes. City Manager Eustice answered hopefully the first or second week of April, noting it has to be completed by June 30. They do not foresee anything unusual for completion by June 30. Mayor Pro Tem Couture asked if the project is not completed by June 30, who is stuck with the actual bill, or do we not get the Grant. City Manager Eustice stated we would not get the Grant, so we have to get it done; if we run into something unusual we could ask for an extension and they might grant an extension.

Mayor Pro Tem Couture moved to award the bid for the N. Huron Street Water Main and Sanitary Sewer Replacement Project MEDC Grant MSC-216009-ICE to E.F. Wilkinson & Sons Inc. in the amount of \$1,194,007.50; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

▪ **Consideration of Proposals for Professional Services for Organizational Study Analysis** – City Manager Eustice reported we sent out Proposals for Professional Services for an Organizational Study Analysis. We had a quote from one firm, but the opinion of City Attorney Stephen Lindsay was that this should go out for Request for Proposals. We received four Proposals back; two of them were from out-of-state, one from Cincinnati, Ohio and the

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other from Edwardsville, Illinois. He noted that Rahmberg Stover, who the Michigan Municipal League made a recommendation for, submitted a Proposal and the Rehmann Group, a local CPA firm, submitted a Proposal and the analysis would be done by their firm out of Grand Rapids. He reviewed the Proposals, noting Management Partners was \$19,995.00; Rehmann was \$15,500.00 to \$17,500.00; Rahmberg Stover was \$16,000.00 to \$18,000.00; and the Matrix Consulting Group was \$40,000.00. City Manager Eustice went on to state hopefully the Council has had a chance to review these Proposals, noting a couple of them are somewhat detailed. He stated all four of these firms understood what the Council is looking for, in his opinion. It is very difficult to send out Request for Proposals for this type of thing because it is so broad, but obviously all these firms do this sort of work and they have a pretty good understanding of what we were looking for. It is up to the Council, noting he is going to refrain from making a recommendation because one of the Proposals is from a company that his wife is an owner of. Councilwoman Riddle made a request from the Committee members to reiterate from their Committee meetings what it is that we are looking for in spending this money. In the past we had one done and has been told that was different perimeters, but she is not real sure because we have not had any report from the Committee as to what they determined and why they determined and why this whole process has to be done. Councilman Lavender replied the RFPs pretty much cover a lot of what we are looking for and thinks that was summed up in a memo they sent to Council at the last meeting, as to what they are doing. The Organizational Study is basically an organizational wide analysis of how the City operates in every department and a survey sent to all the staff. They are looking for how the City currently operates, the policies the City has in place or doesn't have in place, job descriptions (which ones are in place and which ones are not), and then they are also going to look at recommendations to the organization on how to better operate. With that, too, is performance based or measurable outcome basically by department. In the corporate world it is called matrix, which is basically an analysis system. It is almost like project management type style reporting. Councilman King stated, as a teacher, he has that observation three or four times a year. Every year they go in with a goal for improvement and they all they their things they do okay with and other things they need to work on and the matrix actually measures improvement on that goal. It also does an evaluation system, which we have not done an evaluation of staff here at the City in a very long time, which is a concern of his as far as planning ahead for either hiring in the future, getting more support staff in here to suit the needs of our residents and also the whole operation of the City. Councilman King then stated he thinks this is long overdue and his thing is coming at it through an impartial lens, which is why we can't do this thing internally. Councilman Lavender said it also talks about succession planning, too. He knows there are going to be a lot of retirements in the not so distant future, so it is kind of a roadmap to for the future of the City and how the organization operates. He thinks it will tie a lot into our budgeting process, too, and thinks it will all tie in together. Mayor Bronson commented on succession planning stating it is a great opportunity to look at what you are doing and do we need to keep doing it the same way. This seems to be the moment we should be looking at that. Mayor Bronson stated, as Councilman Lavender said, when he looked at this matrix was not in our price range at all and then Management Partners was a little higher bid. He focused just on the Rehmann Group and Rahmberg Stover and looked to see were they going to get the information the Committee was seeking, were they using the right words like matrix and answering questions that we have. He said he had more questions about Rehmann then Rahmberg Stover. Councilman King commented he still has some qualms about awarding a bid to a firm that does have some connection here at the

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City level, adding being impartial is the big thing about the study. Mayor Pro Tem Couture said he has the same thought and wants to emphasize that for him personally when the decision gets made, if it is the wishes of Council to move forward with this organizational analysis he wants everybody to understand and please be willing to take the recommendations and move with them, whatever it comes back with. It cannot be a piece of paper that sits on the shelf. This is a tool, an outline, and this is a path that we and City Manager Eustice can walk down, noting this is help for City Manager Eustice, as well, which is why they are doing it. He thinks Rahmberg would be his choice. Councilman Lavender stated when he initially reached out to the MML Rahmberg is who they initially recommended. The other firm they recommended did not bid, which was Plante Moran. City Manager Eustice stated Plante Moran did get an RFP and he talked to their office in Traverse City, but this was a little bit small for them as they deal with large counties and cities like Grand Rapids. Councilwoman Riddle stated one of her concerns with this going forward was she does not want to anticipate beforehand what is going to come out of this, but she would assume that one thing is that our staff levels are extremely low. We have people who are wearing a whole lot of hats and doing a whole lot of stuff and when you are spread too thin you can't do anything appropriately, so it is said every year with the audit that our Clerk should not be doing everything he is doing because it doesn't have the checks and balances. These things are going to come out. She went on to state Mayor Pro Tem Couture mentioned that we don't put it on the shelf, we take action and we do what we need to do; so if we are told that we need to increase our staff levels in certain areas to do an appropriate job, where are we going to fund the money to do that? Councilman King commented it does not always boil down to just money; it can delegation of duties, it can be extra training and things like that. Councilwoman Riddle then said it is one of her concerns that we are putting forth the money and it was told before that we needed to increase staff levels, which was from the last time we had people come in and do a study of the whole thing. Mayor Pro Tem Couture said if the business isn't running properly and then somebody comes in and gives a recommendation that the business needs to be restructured or staff levels need to be risen or job duties need to be delegated and it is not done, the business fails. If it wasn't done we are failing. It is time to move forward and take a path and stick with it. It is time.

Councilman King moved to approve the Proposal for Professional Services for an Organizational Study Analysis from Rahmberg Stover in the amount of \$16,000.00 to \$18,000.00; supported by Mayor Pro Tem Couture. A roll call vote was taken; motion carried unanimously.

City Clerk's and Treasurer's Comments:

- **End of Tax Season, February 28** – Clerk/Treasurer Kwiatkowski informed Council that the end of February is the end of tax season; summer tax season and winter tax season. Beginning in March he will be working on the settlement with the County. There is one sticking point right now and he spoke with City Manager Eustice on it, which is Council approved the Library opting out of the DDA capture and there is a question right now come March, April or May when we get our settlement check does the Library get that portion that we would collect immediately or do they have to wait until the next year. We are trying to get an answer on that. City Manager Eustice stated he called Tim Schnelle of the State Tax Commission and he mentioned this to the Mayor. He already has his opinion.

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Clerk/Treasurer Kwiatkowski stated as far as the City is concerned, what we capture from the Library is really not significant when the overall capture is usually in the neighborhood of \$200,000.00 to \$220,000.00 and the Library captured portion is maybe \$6,000.00 to \$7,000.00. We just need to make sure we get it right going forward. Mayor Bronson noted the decision needs to be made by March for the County Treasurer.

City Manager's Report:

- **County Jail Expansion and Storage Building** - City Manager Eustice reported he has had some discussions with County Administrator Jeff Lawson. The County is looking at expanding the jail at its existing site and they are also looking at a possible storage building to house their marine vehicles, snowmobiles, etc. He has the drawings and plans and tomorrow morning he is going to meet with City Engineer Granger to make sure that it all qualifies based on our Ordinance. He believes this can be done administratively and not something that has to go to the Planning Commission, as long as they meet all the requirements. They are going to review whether or not the County needs to do a stormwater flow control plan and City Engineer Granger will advise on that. This is a pretty big project for the County and if they do the entire project he thinks the jail expansion is the most critical part of it. City Manager Eustice stated he will bring the current plans to the City Council for their review before the County moves forward with it. Mayor Bronson inquired if it is all on their current property. City Manager Eustice replied yes. The storage building is planned for behind the recycling bins, in behind the Doris Reid building.

- **Great Lakes Waterways Conference in Cleveland, Ohio** - City Manager Eustice informed Council he attended the Great Lakes Waterways Conference in Cleveland, Ohio and it was a very interesting conference with about 600 people in attendance. Anyone having anything to do with Great Lakes shipping was there. There was representation from Ryba Marine and Kokosing/Durocher Marine. Because Mr. Zach Morrish of Ryba Marine was in attendance, the City Manager got a lot of contacts because Mr. Morrish knows a lot of people in and around the Great Lakes. City Manager Eustice went on to state he met a lot of good people he feels could help us with our Port and in development and marketing. It was a very versatile conference to attend. He went on to tell Council the biggest news to come out of that conference, and is not specifically related to our Port, is that it could help our two marine contractors we have here, is that Cleveland Cliffs Corporation, the largest iron ore mining company in the United States. They mine iron ore predominately in Minnesota and do mine some in the Marquette area and parts of Northern Wisconsin. They have their own shipping company and move most of their iron ore themselves. They announced they are going to build a 700 million dollar plant in Toledo, Ohio on the Maumee River. They mine taconite, which are pellets of iron ore and have 23 customers in the mid-west who are steel mills that produce steel. Cleveland Cliffs is the predominate iron ore supplier. The iron ore they mine is not pure iron ore; there are only a couple places in the world that have a higher quality of iron ore, which are Brazil and Australia. They developed a purification process, because the iron ore they mine has silica, which is basically sand and typically the steel mills have to purify this taconite. They are going to save those steel mills a step and are going to purify the iron ore to about 95% pure iron ore at the new plant and make it into briquettes. Toledo did a very similar thing that we did here, but on a much larger scale. Between Toledo's Port Authority and the State of Ohio they put in 24 million dollars into a 182 acre piece; it was contaminated and they cleaned it up, they put in a seawall and renovation and Cleveland

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Cliffs is going in on that site. They realized it was the best location for them as they have rail there, they can truck out of there, and the 23 mills are within 300 miles of Toledo. All that is good for Ohio and Cleveland Cliffs and the steel mills; the best part of it is the Army Corps of Engineers was well attended at this conference and it might put the additional Soo Locks over the top because they are going to move 1.6 million tons a year through that lock which is going to increase their volume by about 15%. It may push the Federal Government to pull the trigger on building another lock, which is a huge project that would be great for the economy and all of Northern Michigan, especially at least for two marine contractors who may not get the general overall contract but they are going to get business out of a new lock being built. That was exciting news for many Great Lakes organizations. The Cleveland Cliffs plant will be open in 2020.

Mayor Pro Tem Couture inquired as to what was the conversation at the last Port meeting; what is the next step; are waiting for something to move the marketing forward; are we developing plans; where are we at? City Manager Eustice replied all of those things, adding we are kind of leaning of not only marketing the Port but all of Northern Cheboygan County as far as the quality of life, our Industrial Park, our tourism industry, our trails, and all the things that are assets to our community and the Port is certainly going to be a big part of it. He noted an electronics company that builds transmission devices for cell towers just went into the industrial park in Gaylord. We are going to look at all opportunities for industrial manufacturing and green energy technology and we are putting together a plan on how we are going to do that. We have Sharen Lange who is basically taking the lead on that at this point. We had some discussion about how we are going to do economic development planning, not just for the City but County wide, noting County Commissioner Richard Sangster was in attendance. It will be with emphasis on the City and the Port and the assets we have, i.e. Industrial Park, water and Sewer, trails, etc. We don't have a final game plan yet but we will meet again this month and try to put that together to bring to the Council. Mayor Bronson stated the NLEA was present. City Manager Eustice said that NEMCOG, Mr. Steve Schnell, was here that day, as well. He went on to state we are going to use all those resources to market what we have here.

▪ **MDNR Property North of the County Marina** - City Manager Eustice stated he sent Council a memo on the MDNR property north of the County Marina, noting Cheboygan County was working with the Cheboygan Yacht Club to partner with them in developing that property for a club house basically similar to what they brought to us for Major City Park. He just got the plans yesterday and will e-mail them to the Council. The County has worked with them since October and does not think they were opposed to purchasing the land and leasing the land to the Yacht Club; the County can purchase this land for around \$10,000.00. The MDNR purchased the property for \$300,000.00 from a private entity, but they are willing to move it on to either the County or the City. They can only sell it to a public entity. The County believes it would probably be best managed if the City bought it and the MDNR will offer it to us for the same cost. We would have control of it as to whatever kind of improvement would go there, although we don't have to improve it; whether or not the Yacht Club goes there or not or we just have it as vacant land. It would be another public piece of property for the City and is adjacent to Gordon Turner Park, a recreational area, and the County Marina. Councilwoman Riddle commented it would be a great location for a pavilion that we were talking about at Gordon Turner Park. Mayor Pro Tem Couture inquired if this

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piece of property included the Lighthouse. City Manager Eustice replied no, noting the Lighthouse is on the break wall, although it abuts the property. The City could build a walkway along the River to the Lighthouse and then on to the jetty. City Manager Eustice was asked for the size of the property. He responded it is about 450' x 520' deep and is just under 5 acres. Councilwoman Riddle asked how much of the property is wetlands. City Manager Eustice replied about 35% and it is more towards the lakefront side. The waterfront closer to the Marina is all uplands. Councilman Temple commented he thinks it would be a better idea if the County bought it. Mayor Pro Tem Couture asked if the MDNR pays property taxes on the property at some level. City Manager Eustice replied they make a payment in lieu of taxes right around \$4,400.00. Mayor Pro Tem Couture commented the City would capture around \$1,200.00. If nothing gets improved on that property it is just taking a tax base away. It is kind of a valuable piece of property for the future if something were to happen, if the wheels would turn down there in whatever fashion whether it is recreation or future development; however, the City would have to use it for public use, essentially. City Manager Eustice stated that was correct, noting we could still lease it to the Yacht Club. Mayor Bronson commented the price on that property went down dramatically, noting we were trying to pitch that to Bois Blanc Township as a port. He then stated he would like to think about it some because, as the price is very attractive, but he does not know necessarily what project we would speculate to do with it. He would not want to have it tied up for years and years waiting for a long-term lease. The State doesn't seem to be in a hurry, as they have had it for years. City Manager Eustice stated this is the first exposure we have had for this at this price. Councilwoman Riddle said her thoughts are that if we were to purchase the property she would want it to become part of Gordon Turner Park. The wetlands being on the lake side, there could be a pavilion on the portion that is usable as we wanted to build a pavilion in Gordon Turner Park anyway. There can be a bridge across the wetlands going to the other beach area and we could carry the boardwalk along the water and it would be an attractive addition to the edge of the Marina and it all just would kind of flow in that direction. If the City were to get the property she would like it to be part of Gordon Turner Park. Mayor Bronson commented it opens a lot of opportunities. Mayor Pro Tem Couture said he does not want to say no at this point or take it off the table. City Manager Eustice pointed out there is no seawall there, but that is something that could be developed for the future. Councilman Lavender stated he thinks we need to improve and maintain what we have at Gordon Turner Park before we start adding for projects to it. Mayor Pro Tem Couture commented for sure. Councilman Temple stated there is more people at that Park in the summertime than there is any place else in Cheboygan. The place is packed all the time. Councilman Lavender said we have a boardwalk that is in pretty disrepair on the other side of the Park that could use a lot of attention, in addition to Project Playland being in rough shape. He cautioned adding additional land to what we have because we can't maintain what we have now. City Manager Eustice stated that is certainly something he has thought about because the public is going to say that. It is such a great asset for a low cost. He went on to state the analogy of if your roof leaks on your house and it cost \$25,000.00 to replace the roof, you are not going to fix the front door because it cost \$200.00; you still have to do those things. If you have something that comes along that needs to be looked at that is a great deal, you still need to develop for the future. City Manager Eustice stated he has said it a dozen times in these meetings that he can't fund the public properties that we have today; we can't take care of them. We can barely take care of them and maintain them. This is such a good opportunity; we are buying a \$300,000.00 asset for \$10,000.00. Mayor Bronson commented

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but we cannot sell it. City Manager Eustice responded we can't sell it but it could be developed other ways; there could be lease agreements. We have looked at Shepler's running a ferry service out of here, maybe we could get someone like that to lease land. Some people have looked at it from the private aspect, but nobody has ever pulled the trigger on putting something there.

Councilwoman Riddle asked what happened with the community Recreational Authority workshop/meeting that was held at Inverness Township Hall. City Manager Eustice replied it was a pretty good meeting, but were disappointed that two of the Townships adjacent to us did not attend. The scenario of paying \$10,000.00 for the MDNR property or we need a million dollars to improve our parks and recreation, which is why we are looking at the Recreational Authority. There is so much that we need on the recreational side from the Major City Park to Gordon Turner Park. An Authority would help and we are going to have to get a commitment from the Townships of Benton, Beaugrand and Inverness at a minimum for that to be successful. We can levy 1 mill on the taxable value of those jurisdictions and it would create a significant amount of money. We may not have to levy 1 mill, but that is the maximum we can levy; ½ mill on the four units of government is \$250,000.00 annually and a lot could be done with that. Mayor Bronson commented there were community members there that were very interested and he has had two conversations with people about the Recreational Authority since that meeting at Inverness and there is some interest outside of this area. Councilwoman Riddle asked if there is another meeting planned. City Manager Eustice replied not at this point, but he is trying to meet with Beaugrand and Benton Townships to get them to move forward with this. He thinks there is some resistance and reluctance there. We are also looking at the entire School District as being a Recreational Authority. Mr. Harry Burkholder is looking at that. For anybody that participates, it is still going to have to pass a referendum vote. Mayor Pro Tem Couture stated it is a long road, but we certainly need to look and talk and see what the interest level is and try and push it. Councilwoman Kwiatkowski commented it is just like the water and sewer; we should have done something 10 or 20 years ago; if you don't start it will just keep going downhill. Mayor Pro Tem Couture stated it would be nice to start with some sort of funds, but we just don't have it. We need to keep exploring. Councilman Lavender commented we have \$10,000.00 on the table we are talking about right now; why don't we put that into Project Playland right now.

▪ **Michigan Main Street Program** – Mayor Pro Tem Couture asked City Manager Eustice for an update on the Michigan Main Street Program and what are the last talks about that. His focus question is he knows there is another level from where we are at and if we were to do that a lot goes with that, i.e. costs. He then asked who is running the Michigan Main Street Program, the City Manager? City Manager Eustice replied basically yes, but they have a committee of which John Costin is the Chairman and he has been pretty diligent in working on trying to get us to the Select Level, but believes we are probably more than a year away now. He thought it was something we could do in 2018, but we are at least a year away before we can even consider going to the Select Level. Mayor Bronson commented there is a good committee that meets on Wednesday morning and it is very encouraging and there is a lot of energy with that group. They are working with the DDA and brought a presentation to the DDA last week and also they are working with the Bring It Cheboygan group. Mayor Pro Tem Couture commented it is good to see local interest and volunteerism. He then stated he

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still has a question about cost when it comes to that level, do we actually need the help of the organization. City Manager Eustice stated there has been a lot of discussion about that because the DDA and the Michigan Main Street Program are kind of one in the same and do we need both and how is that transition going to work. There have been some issues there between those two entities and they are trying to work through that. Mayor Pro Tem Couture asked City Manager Eustice if he is going down the path of relinquishing control of that and spending less time on it, because he knows for sure it was not too many meetings ago that the Council's direction was for him not to be involved in this. You have other agenda items. City Manager Eustice commented exactly. Mayor Pro Tem Couture stated he just wants to know what the City Manager's thoughts are on this; he does not want him running the show; it is as simple as that. City Manager Eustice stated in most respects he lets the committee manage that side of it. He is not on any of their multiple sub-committees that are working on beautification downtown and economic development, etc. These separate committees all meet outside of the Main Street Committee meeting, but he stays away from that. Mayor Bronson commented that Ms. Kirsten Guenther has sort of been our contact, as she sets up the meetings, does the agendas and minutes. Councilwoman Riddle said one of the reasons that Mr. Costin was made Chair was to free up that time for the City Manager. City Manager Eustice replied yes.

▪ **Bidding Process** – City Manager Eustice stated Mr. Ray Lofgren mentioned earlier about the bidding process talked about at the last meeting. He briefly talked to City Attorney Stephen Lindsay about it. He also did some other research on it and he will get City Attorney Lindsay to give a legal opinion on our Purchase Policy, on what we should and should not bid and what we can and cannot bid, because there are multiple cities that do different things. There is kind of a rule of thumb for extension of contracts that if the individual that has the contract with a municipality doesn't ask for any more than 3% most cities will allow the Council to make that decision. In the case of sending out Request for Proposals for the Organizational Analysis, because it was new City Attorney Lindsay recommended that we do. It is just good policy. The Council can award a contract based on a motion, if they want to, but it is just not good policy to do that without getting bids. Mayor Bronson commented he thinks part of the issue is consistency; we need to do it the right way each time and maybe our Charter has very specific rules about that and that's what we need City Attorney Stephen Lindsay to analyze. Councilman King said if there is conflicting language in the Charter, we need to clean that up. Mayor Pro Tem Couture stated we need to have a policy that this Council sets so it gives the City Manager and anybody else the tool needed to know which direction we should go on a regular basis. Mayor Bronson added and not having any questions during a meeting trying to figure out what the proper procedure is. Councilman Lavender stated the policy needs to address specifically recurring contracts. City Manager Eustice said it does not specifically say that, but it does say if it is in the best interest of the City the Council has the right to award contracts. It is just a formality. Councilwoman Riddle stated so we will get a report from City Attorney Stephen Lindsay at the next Council meeting. City Manager Eustice replied yes, he thinks he can do it by then. Mayor Pro Tem Couture commented what it really stems to is the budgeting process for Council and it ends up revolving around all these question marks, i.e. if we are going to scrutinize the budget which is something we need to be doing on a regular basis – send something out, getting the best prices and bang for our buck. That is his motivation behind it, anyway. Mayor Bronson

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asked the City Manager if he was all set. City Manager Eustice replied yes, he will get with City Attorney Lindsay.

Messages and Communications from Mayor and City Council Members:

- **LED Lights** – Councilman King asked if there is any timeframe for beginning the process. DPW Director Karmol replied there is a contract we need to get back to Consumers Energy before they can start doing installation. Councilman King asked if this will be by the end of the summer. DPW Director Karmol stated he believes they will start in the spring, depending on their crews availability we will probably have to take whatever they have available. Clerk/Treasurer Kwiatkowski interjected once it was approved by Council, Consumers sent us a couple of contracts, one for removal and one for replacement, but they have Resolutions that have to be adopted by Council, which will come to Council at the next meeting.

- **Annual CTE at High School** Councilman King stated next Thursday, February 22, from 11:30 am to 3:00 pm there will be the Annual CTE, Career and Technical Education Showcase, at the High School. It will showcase of what the students do and they always turn out very successful kids out of these programs and is one of the highlights of the School. It is open to the public and it is not just the kids but other businesses and others from outside of town talking to the kids.

- **Disc Golf Course** – Councilman King informed Council there has been some movement here regarding a disc golf course in Cheboygan, which is very low cost as far as setting it up and low cost to maintain. He has some leads on a group that will come in and do this free of charge. This is something we might want to look at if we have the property available and the location. Mayor Pro Tem Couture asked the City Manager if anyone has come to talk to him yet. City Manager Eustice replied no. Mayor Pro Tem Couture stated he had a couple of people come to him, and he saw some action on social media, so he commented and told them to get a hold of him. He has also heard some other conversations and he has had a conversation with Councilman Lavender and Councilman King has had a conversation with a certain individual, as well. Mayor Pro Tem Couture went on to state he thinks there is a group that wants to put together something. He told them we need a plan, then come to the City Manager and let him review it, which is the process. Councilman King stated people like to travel around to go to these courses. Mayor Pro Tem Couture commented it is another attraction, for sure. Councilman Lavender said we are one of the few areas that don't have one; they are all around us.

- **Metered Lights in Main Street Area** – Councilwoman Riddle stated at the DDA meeting some questions were brought up about the metered lights in the Main Street area and whether the DDA is interested in switching those over to LED. She then asked Clerk/Treasurer Kwiatkowski if he has been contacted by DDA Member Chris Lindsay. Clerk/Treasurer Kwiatkowski replied yes, noting they had a spirited discussion. Councilwoman Riddle asked if he could share the information regarding why the metered lights are being paid for by the DDA. Clerk/Treasurer Kwiatkowski said he cannot tell Council how it began but since he has been with the City, the DDA has always paid a portion of the energy costs downtown. He told Mr. Lindsay that the City's General Fund is limited and there are a lot of departments, DPW, Parks & Recreation, Fire, Public Safety, who are all competing for those dollars. It is like what happened with the footbridge; the DDA built it and then it was decided the City should maintain it. Those monies to maintain it come out of the General Fund. He explained this to Mr. Lindsay. In the last three weeks we had problems at the footbridge and he got two

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bills totaling \$2,200.00; he thinks paying for a little bit of energy is fair for the DDA to bear that especially when they build these projects and we have to foot the bills for them. Councilwoman Riddle stated that is why she wonders with the City taking over the responsibility for the maintenance of the footbridge because the guidelines the DDA was set up under is for refurbishing and maintaining the Main Street area. Clerk/Treasurer Kwiatkowski replied that is the million dollar questions and when Mr. Chris Lindsay gets back from Florida in a month he wants to look at when the DDA was initially set up and is it just bricks and mortar and the DDA builds it and turns it over to the City. That is something we will have to look at and will be a discussion probably between Council and the DDA. Councilwoman Riddle stated she does not think with the building of the footbridge should not become the responsibility of maintaining by the City. It is in the DDA area and it is worth discussing. She noted that extra lights are put on the Christmas time, extra uses done for the benefit of the downtown area, it should be discussed. Clerk/Treasurer Kwiatkowski said DPW Director Karmol may have some comments on the lights downtown as far as the receptacles that have been in the poles now. City Manager Eustice commented we are going to put LED lights in the three separate lampposts downtown in the various areas, noting he was not at the DDA meeting last week but believes that was a question on how they are going to look. It is a different type of lighting, being a lot whiter; we are going to be doing some testing downtown. One will be put out in front of the Dairy Queen because that is a franchise sign to see how that looks differently in that type of lighting. Councilwoman Riddle stated there were some concerns if the lighting would be appropriate for what they wanted to have in the Main Street area. Councilman King commented there are a lot of areas here outside of downtown that are dark even with the lights there.

▪ **On-Line Payments** – Mayor Pro Tem Couture inquired if water, sewer and tax bills can be paid on-line and can they be paid by credit card in-house, and is it legal. City Manager Eustice replied it is something they are working on, noting BS&A has a software that he is looking at to do exactly that, to pay utility bills and property taxes. Many cities in the State do. The initial software purchase is around \$8,000.00 but in that scenario you can just do everything on-line and we would have a credit card machine in-house. Mayor Pro Tem Couture commented we could do it on-line when they walk in the door. City Manager Eustice replied yes and that is something we are looking at. Mayor Bronson stated Council would have to have discussions about the cost for the transaction. Clerk/Treasurer Kwiatkowski informed Council the problem he has with that, although credit card payments would be great, but if you make payments, especially for City taxes, that payment goes to one fund and we have three separate debt funds and trust and agency funds, so someone has to go on-line and move that money around and that is very time consuming. Hopefully there is something that is out there that will put the money where it belongs. It really does take a lot of time. City Manager Eustice stated he is unsure the BS&A software is capable of that. Mayor Bronson said you don't ever want to tell people you can't take their money. Mayor Pro Tem Couture stated he thinks we need to look into it quickly and thinks we should put a timeframe on it for an answer, noting we have asked about this for quite some time. Councilman Temple stated they talked about it a long time ago. Mayor Pro Tem Couture it is something where it's time. Councilman King commented on the amount of foot traffic it would save coming in here and it is just a convenient thing. City Manager Eustice stated with a ready to serve charge the seasonal people will have a charge on their water/sewer bill. Many people who are in Florida like to pay their property taxes and utility bills by credit card. Mayor Bronson stated he wants

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a report back to Council in one month, noting to check with multiple vendors and software vendors. Councilman King suggested checking on the transaction fees.

▪ **Development Project** – Councilwoman Kwiatkowski inquired as to anything different happening with the development project. City Manager Eustice stated they are going to meet, not this week, but early next week, with our Committees, but he does not have a set time yet from Mr. Jeff Lawson, who is going to communicate with the Township and try and set a date. Most likely it won't be until next week. Our Council Committee is the Mayor and Mayor Pro Tem for mediation, noting they only want two from the City Council. City Manager Eustice explained there will be two Council members, two Township Board members, himself, DPW Director Karmol and the Attorneys for the Township and City, which is what County Administrator Lawson wants to do initially as mediator. If it doesn't work, Mr. Lawson said he will assign an independent mediator. Mayor Bronson stated Mr. Lawson needs to let the Committee members know. Councilman Temple commented it may not be a bad idea to keep the attorneys out of it. Councilwoman Kwiatkowski asked if there is another avenue we should be exploring. The reply was no. Councilwoman Kwiatkowski stated it just seems very disheartening to be talking about the Port and all this development and we can't get a grocery store/development project. She commented the development project is very good to the community and if they got in here maybe then can do Gordon Turner Park.

▪ **Water and Sewer Projects** – Councilman Lavender commented since DPW Director Karmol got the green light he is looking forward to what projects are started and completed to improve our water system.

▪ **Council Telephone Numbers & E-Mails on Website** – Mayor Bronson stated last he checked we still don't have telephone numbers and e-mail addresses on the web page for Council. City Manager Eustice stated he can do those himself actually and will get those on there.

Adjournment:

Councilman King moved to adjourn the meeting at 8:35 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