

REGULAR CITY COUNCIL MEETING
July 10, 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: Kwiatkowski, Lavender, Bronson, Temple, Riddle and Couture

Absent: King

Mayor Bronson informed the Council he has a note that Councilman is taking people to the airport in Detroit and picking up others at the airport in Traverse City.

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

Councilwoman Kwiatkowski led the Pledge of Allegiance to the Flag.

Public Comments:

■ Ms. Sherry Nelson of Explore Cheboygan Tours introduced herself and distributed information on the tours and the request to use golf cart transportation. She noted the walking tours have been extremely successful but they have had many requests from those for are unable to walk the distance of the tour (1-2 miles). Therefore, they are requesting to use a golf cart to transport on the tour. Their route would be along Huron Street with stops at Gordon Turner Park and the Front Range Lighthouse, or what Chief Jones would think is appropriate. Ms. Nelson went on to explain the golf cart is gas powered and they understand there may be additional requirements regarding turn signals, taillights or headlights that they would have to be cognizant of and would abide by whatever restrictions are put on them. She understands that it is possible a resolution has to be adopted or other rules have to be forthcoming to accommodate this. City Manager Eustice asked the Chief to work on this with him so Council can adopt a resolution at the July 24 meeting. Chief Jones replied yes; he will speak to it when other issues are covered.

■ Ms. Suzan Cheli introduced herself asking before Music Fest and the big sail boats come in, are the dead trees are going to be removed from Main Street and also in front of the Opera House and City Hall, realizing the City is short on manpower. She then stated it is becoming unkempt around the trees and in the grates and feels we should be putting on our best front to welcome people. She then asked if the two buildings that are going to be left when the Gold Front comes down are available for sale and was hoping they would come down, too. City Manager Eustice informed her they are privately owned. The north wall will be repaired by the County, once they get the building next to it down. It is up to the property owner to repair and improve that property. Ms. Cheli was hoping that could be made a social area without a lot of elaborate equipment.

■ Ms. Trudy Lofgren introduced herself stated she heard a comment when the Gold Front was coming down today that there are two walls there – the bunny wall that is crumbling and the wall that belongs to the ugly building. City Manager Eustice replied there is a wall in behind, noting the bunny wall is really a fire wall but it is under the roof of the existing building and is

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part of the issue with taking it out. We have had engineers look at the wall and it is difficult to know what kind of condition the second wall is in. The bunny wall belongs to the City and the other wall belongs to the other property owner. City Manager Eustice then stated we don't know how much damage we are going to do to his building by taking the bunny wall off; and we know we are going to have to repair the roof because the roof is on top of the bunny wall, so that is going to affect it.

- County Commissioner Richard Sangster, District 2, introduced himself stating at the Commissioner's meeting today it was the consensus to move ahead with a millage for the 800 megahertz upgrade for the CCE911, tri-county emergency system. There has really been a problem with communications out in the rural areas it was decided by the three counties to participate in an upgrade around 10 million dollars. So there will be language coming forward and it will be on the ballot at ½ mill for four years to help fund this radio project and the infrastructure upgrades. It is time and one of those things they have been putting off. Mayor Bronson commented this has been a discussion with the 911 Board for a couple of years. Commissioner Sangster added the infrastructure is really aging. Mayor Bronson then asked if it will be on the November ballot. Commissioner Sangster replied yes, and it has to be in by July 26. There were a couple options to go with phone surcharges or a millage or a combination of different things, but there is just so much uncertainty with the phones and did not appear to be a very secure funding source for them.

County Commissioner Sangster then commented on what role the County does play in recreation. He stated the County's only recreation project is the County Marina in the City and they are getting ready to do about an \$800,000.00 upgrade to the Marina. It is actually in need of about 1.8 million dollars in upgrades but they are updating the fuel delivery system because of aging tanks and all the infrastructure. They will begin work on that this fall. Councilwoman Riddle asked Commissioner Sangster if he feels personally it is somewhat of the County's responsibility to be involved in the recreational facilities within the County, other than just the Marina. Commissioner Sangster stated he believes there is a lot they can do, but right now there is no strong plan for that. He believes the County's role has been not necessarily played well in some aspects of it, but he does know the Marina cost quite a bit of money and eats up the line share of any of that at this time. Like it or not we cannot not continue to take care of it. It is the only fuel station within 15 miles, so it is pretty important. Commissioner Sangster went on to state they are always anxious to talk opportunities, partnerships and collaborations with any unit of government to improve our recreation. Obviously the City has some very strong recreation facilities including Little League, as well as the Ice Rink that so many other people from other parts of the County and region use. He does believe there is some conversation that could happen.

Approval of Agenda and Receive and File all Communications:

City Manager Eustice commented on two additions to the Agenda: 10-K: Consideration to Schedule a Public Hearing for July 24, 2018 for Consideration and Approval of the Brownfield Plan for WB Vacation Properties, LLC, 103 & 107 W. State Street, Cheboygan, Michigan 49721, which requires only a 10-day notice; and 10-L: Consideration of Golf Cart Operation on City Streets for J35 Sailboat Race Committee on July 26 through July 29, 2018.

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Councilman Lavender moved to approve the Agenda, with the addition of 10-K and 10-L, and receive and file all communications; supported by Councilman Temple. Motion carried unanimously.

Approval of Prior Meeting Minutes:

Mayor Pro Tem Couture moved to approve the Regular City Council Meeting Minutes of June 26, 2018 as presented; supported by Councilwoman Kwiatkowski. Motion carried unanimously.

Communications and Petitions:

Presentation by Northern Lakes Economic Alliance (Jessica Lovay & Janet Koch) – Tax Abatements & DDA Training Session – City Manager Eustice informed Council that Ms. Lovay and Ms. Koch made a presentation to the Downtown Development Authority last week and he thought it would be a good idea for them to come to Council and talk about some potential tax abatements for the DDA District. They will also talk about DDA training for DDA members, as well.

Ms. Janet Koch introduced herself and Ms. Jessica Lovay. She stated she was at the Emmet County Board meeting last night and they came to the same conclusion that a surcharge would be difficult to sustain, so they will meet next week to vote to put millage on the ballot in November.

Ms. Koch informed Council last week they talked to the DDA about tax abatements, noting there are a lot of different ways to do tax abatements. They are normal in some communities depending on the culture of the community and what you want to do. She said they are going to talk about the incentives and it was unanimous by the DDA to put in a 210 & 255 in the DDA. They are two different Acts. She will talk about 210 from 2005 and Ms. Lovay will do 255 from 1978. They were done at two different times for two different reasons. Ms. Koch then stated she is the Community Development Director for Northern Lakes Economic Alliance. Ms. Lovay is the Grant Administrator and they are so glad she is. Ms. Koch went on to state they are hoping to tell Council why we might want to do both a 210 and 255 and the reasons for doing both. The abatements help encourage growth because it provides less of a tax increase for the property owners and it doesn't really reduce taxes to the municipality, you just don't get the growth and at the end of the tax abatement period then the taxes jump up for the property owners. Long term, it increases revenue to the City and spurs economic development. Putting a 210 or 255 in your District only means that the framework is there. It doesn't mean anything until somebody applies for one of those tax abatements. It is a fairly complicated process and it goes through the Council first for approval who can put criteria on these abatements, whether through the number of employees or investment in the community. There are ways we can also limit the number of years of the tax abatement. PA 210 of 2005 freezes the real property of commercial properties for up to 10 years; it has to be at least 1 year but can be up to 10 years or anywhere in between. At the end of 10 years it bounces back up to the full assessment. The key with the 210 is that the school get their full share, which is one the big differences between 210 and 255. She will do a side-by-side at the end so the Council can see the difference the two. Ms. Koch then stated with a 210 if you are a property owner and you started construction or renovations and you didn't realize there was a 210, there is a 6-month time period from the start of construction to filing when you can still get that abatement.

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You cannot do this with a 255, plus the school taxes are exempt. Ms. Koch then went through an example of calculations for Council.

Ms. Koch then explained that the City can establish the CRD (Commercial Rehabilitation District) under the 210 and then it goes to the County because they get a say-so in it. In the 255 the County does not get a say-so. Once the District is established then the property owner submits the application and then once approved, after a second public hearing, the application is sent to the State Tax Commission for final approval. There are a lot of steps.

Ms. Lovay explained the 255 has some similarities. It encourages replacement, restoration and construction of a commercial property but abates the real property taxes for up to 12 years on the new investment. The owner of the facility is the one that can apply. There are two different avenues that a 255 can go – if it is a new or replacement facility, 50% of the taxes are abated for up to 12 years. So, 50% would get abated and 50% would still go into the DDA Fund. It does exclude the State Education Tax, but they can apply for an adjustment. If it is a restored facility under this Act they can get 100% of the new taxes abated or frozen for 12 years. A restored facility is a lot more difficult to apply for and they typically see the 50% under the 255. The other big difference is that if it is a restored facility, the State Education Tax and the Local School Taxes are abated, as well. She then went through an example calculation for Council. Ms. Lovay went on to state they call the tax abatements a win-win because someone without a tax abatement may not do any investment, so the City is really losing a potential 50% even though we are abating a potential 50%. The City is giving up a little and getting a little. It is the same process as the 210 – the local unit establishes the District, the property owner submits the application before there is a hammer in the wall or a shovel in the ground, there is a public hearing, and then it goes on to the State Taxing Commission.

Ms. Lovay then stated the key differences are the 210 freezes taxes for up to 10 years, with the School still getting their money, and the County gets a say. With the 255, depending on what facility, it could be 100% and all the School tax for up to 12 years, or 50% up to 12 years. The DDA is recommending that Council establish both the 210 and the 255. The City is basically opening a window for someone to bring their business to the City of Cheboygan as we may have something for them. The NLEA is going to help do all the resolutions, public notices and will take care of it. Ms. Lovay then stated one of the reasons they are here tonight is that they had a property owner in the City who is making substantial investments and, of course, is asking what tax abatements they qualify for. Since they have already started construction they are on a time crunch. There are people in our community that are making investments and looking for assistance. It is up to Council if they want to move forward in establishing these districts. If Council does, the DDA is recommending that the DDA District be the boundaries for the District. Then there are options in submitting the application and what the steps should be. We can have the property owner make their presentation to the DDA first. The NLEA has samples of checklists with a point based system, and the higher the points the more the owner potentially gets. Then the DDA would make a recommendation to the Council because it is ultimately the local unit of government that makes that decision.

Councilwoman Riddle stated for a recap the main difference between the two, on a 255 any work that has been done at all does not qualify; but on the 210, which is the newer one the

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owner has up to 6 months from when they started construction to get a date stamp on the application from the Clerk that the application was turned in. She then asked how long it takes to go through all the red tape to get the process going once the District is developed. Ms. Lovay replied with a 210, it is a minimum 10 day, maximum 30 day notice for the public hearing to notify the public and the County on establishment of the district; then the resolution gets sent to the County; the County has 28 days that they can either do nothing or respond saying no; then if it comes back and the County says nothing or says go for it, the Council has to pass a resolution establishing it; then the building owner can apply. Once that takes place there is a public hearing with a 10 to 30 day notice based on the application and once that application is completed and approved, then it gets sent to the State Taxing Commission, as long as it is in by December 31. Ms. Koch commented the application process is the same for both the 210 and 255. Mayor Pro Tem Couture asked if most entities create both districts because they have similar attributes but sometimes they fit better. Ms. Lovay stated they have done both and the City of East Jordan is working a similar combined overlap. Councilwoman Riddle asked on the 100% for restoration is that back to original to what the building would have looked like and is it a historical thing. Ms. Lovay replied there is a whole page in the Act with the different qualifications: bring up to code, etc. They don't usually see the 255. Mayor Bronson asked if there has to be a hearing for both the 210 and 255, or can they held at the time same. Ms. Lovay answered they can held in the same night, but the public hearings have to be open/shut, open/shut. Mayor Pro Tem Couture said this has been talked about in the past to spur growth in the City and give some incentive to rebuild and reconstruct. We have done it in the past with a couple projects. City Manager Eustice stated what is now Bishop Motors went through the Obsolete Property Rehabilitation Act (OPRA), which is very similar in that you get a 12 year abatement; in that case the property has to be blighted and a public nuisance. Mayor Pro Tem Couture stated his question is we are going to offer this only in the DDA but are there other portions of the City that aren't in the DDA that we should be adding to this. We are going to offer an incentive to one but we want to grow everywhere. He is wondering if we should do that again for another area. Ms. Lovay replied no; we can overlay these in the DDA District – outside of the downtown there are restrictions such as being next to each parcel, have to be adjoined and have to be over three acres in size. So outside of the downtown there is a little bit more for each parcel. Councilman Lavender commented creating the district shouldn't be a problem if we go outside of the initial DDA boundaries. Ms. Lovay stated it would just be the same steps, i.e. having the public hearing. What is nice the Council can do it on their own. As Northern Lakes Economic Alliance they are Cheboygan County's arm of economic development and the NLEA is offering to walk this through for the DDA District. Mayor Bronson commented the 210 is the same process that Fernelius used a few years ago in the Township and there is going to another project in Inverness Township with a 210. Ms. Lovay said tax abatements are great and they are a dime a dozen now. Councilwoman Riddle asked what is out there for little strip malls in the City and the area on the east side, which is not in the downtown area but they are still business zones and are not over three acres. Ms. Lovay asked if they are zoned a business district. City Manager Eustice replied no they are not. Ms. Koch commented you can still use a 210 as long as you have contiguous properties. Ms. Lovay stated there are different applications for different parcels, i.e. commercial or industrial. Councilwoman Riddle asked what information is available for Council to review. There are a lot of areas in the City that could use tax abatements. We are not doing our due diligence if we don't check into what else might be out there. Ms. Lovay stated she is not familiar outside of the downtown, as far as the strip malls that Councilwoman

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Riddle is talking about, but she could definitely look at a map and draw out what are the possibilities. Ms. Koch interjected it is almost easier to go at it the other way; if you have a specific area that we are looking at for perhaps tax abatements, if we tell the NLEA what those areas are they can research that for the City. She can certainly send Council the link if they want to read all the information, noting the MEDC has fact sheets with a brief summary of a lot of the different tax abatements. Mayor Bronson said we can have multiple districts within the City. Ms. Lovay responded yes; they just went through an industrial development district in the City of Boyne City and it was their seventh within the City. Ms. Koch commented the district often happens when the property owners happen to be savvy about tax abatements or they have experience somewhere else and they may want one and the City says sure. Sometimes that may cause difficulties because existing business owners then ask why they didn't get a tax abatement. When you do a district you kind of give a bunch of people in the same area a tax abatement, but it just depends on the community. Councilman Lavender asked if the NLEA is looking for action from Council tonight. Ms. Koch replied yes; they are trying to help this property owner get a 210 and need to know if Council wants to move forward with the 210 and also do a 255, so we only have to do all this work once. If Council wants to give some indication to move forward on a 210, then the NLEA can get going on this we also have to notify every property owner that is going to be within that potential district with a certified letter – every property owner in the DDA District, so that is a lot of work to do within a very short timeframe and we need to start working on it. Mayor Bronson stated the DDA is recommending to move ahead with both the 210 and 255 in the entire DDA District. Ms. Lovay stated the City has an opportunity to set the groundwork for the setting up of a point system, noting you are first getting that public hearing scheduled. The City cannot even accept an application until the district is approved and that is going to be almost a month, so there is time to think about setting criteria.

Councilman Lavender moved to schedule two public hearings at the next City Council meeting of July 24, to move forward with both districts within the DDA District and to also look into additional areas of the City for the future; supported by Mayor Pro Tem Couture. A roll call vote was taken; motion carried unanimously.

Mayor Bronson then stated at the DDA meeting there was also a request to do DDA training. Ms. Koch said yes and they can do a training session for the Council, the DDA or a joint training. Mayor Bronson commented there are several new members on the DDA and it is his concern that many of them don't really understand the functions of the DDA, what the boundaries are, what they can do and where the money comes from. Ms. Lovay presented a rough draft (DDA 101), noting the DDA falls under Act 197 of 1975; there were Acts that amended it, mentioning Act 57 of 2018, which talks about the reporting. A DDA is to help encourage historic preservation and help promote economic growth in the District. Commonly heard phrases in a DDA are: you are taxing the business more, you're placing additional financial burden, our town is too small, DDAs are only brick and mortar and we can't do that. The DDA is officially set by the local unit of government (LUG); boundaries can be changed; and the TIF monies collected can only be spent within the DDA. The DDA Board typically consists of the highest ranking member of the local unit of government, plus anywhere from 8 to 12 members. The Board is appointed by the local unit of government; 50% of the members have to have an interest within the District and one of the Board Members has to reside within the District over 100. The DDA Board can analyze plans, plans for construction, enter into

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contracts and they can buy, sell and lease property within the DDA, hire and compensate staff, and they create, operate and fund marketing initiatives. Again, they can contract for broadband wireless services, create and operate a loan fund or a revolving loan fund and retail incubator spaces. They all have to be approved and must be within the DDA Development Plan. Ms. Lovay then stated there are different sources of financing, i.e. donations, millages, borrowing, selling, property tax, special assessment districts, marketing revenue and contracted services. She briefly stated this is kind of a demonstration of what TIF (Tax Increment Financing) is. The DDA can assess special millages and then the local unit of government can borrow against the anticipated collection.

Ms. Lovay went on to talk about the municipality's relationship within the DDA and what their authority is. They can charge the DDA for administering; borrow money; and partnerships are key working with the local government, chambers and community foundations, the NLEA, the MEDC and service clubs. She spoke on the different models of Charlevoix, who is a Main Street Community; Petoskey who is governed by a Downtown Management Board; and Boyne City. Ms. Lovay then stated they will get on the agenda for the DDA.

■ **Prepaid Bills and Disbursements for the Month of June 2018.**

Ms. Trudy Lofgren inquired on the expenditure to Atlas Funds Control, LLC. Clerk/Treasurer Brown replied those are payments paid for the Huron Street Project; they are grant reimbursable and we are in the process of submitting the paperwork to be reimbursed. Ms. Lofgren then asked what Atlas Funds is. Clerk/Treasurer Brown explained they are a holding company. Ms. Lofgren then inquired on the expenditure of \$34,293.55 for Union contact negotiations. Clerk/Treasurer Brown replied that is an attorney we paid for contract negotiations. City Manager Eustice added that is for the POLC and AFSCME Contracts. Ms. Lofgren then asked how many hours were involved for that kind of price. City Manager Eustice replied probably a couple hundred. Ms. Lofgren then inquired on payment in lieu of taxes to the State of Michigan. Clerk/Treasurer Brown explained we have some companies/businesses/or property owners that rather than paying taxes they make a payment in lieu of taxes and so we distribute those funds to the various organizations. We also distribute to the School and Library.

Councilman Lavender moved to approve the prepaid bills and disbursements for the month of June 2018 in the amount of \$636,909.06; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

■ **Unpaid Bills and Disbursements for the Month of June 2018.**

Clerk/Treasurer Brown noted there is an amended report on this. Councilwoman Riddle asked if the bills with the asterisk have been changed. Clerk/Treasurer Brown replied correct.

Councilman Lavender moved to approve the unpaid bills and disbursements for the month of June 2018 in the amount of \$26,227.77; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

Department, Board and Commission Reports:

- **Department of Public Safety Monthly Statistics, May 2018** – Received and Filed.

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■ **Downtown Development Authority Board Meeting** – Mayor Bronson stated we heard a lot of what happened at the DDA meeting earlier tonight. City Manager Eustice noted there is a committee that is working on a new DDA Plan for our projects and so forth and we will have to hold a public hearing to change that Plan when it is finalized. Mayor Bronson asked if there was discussion at that meeting about criteria for 210 and 255. City Manager Eustice replied yes, noting Ms. Koch and Ms. Lovay just gave him examples of multiple cities that have criteria and a point system to determine how many years you give an abatement for. Mayor Bronson commented something he learned in a 210 there is an annual review and if they don't meet the criteria that is set up the City can withdraw the abatement. The City can put criteria on how many jobs are created and how much is invested to keep them on task of actually doing what they are proposing. City Manager Eustice commented in the Industrial Park there is an Industrial Facilities Tax District, so that is another possible abatement that is already in place for industrial manufacturing type of businesses. That abatement is for real and/or personal property, which basically cuts the millage rate in half. The property owner still has to apply and go through the process. Mayor Pro Tem Couture said the more we can have in place to promote new growth and people buying is good. City Manager Eustice said we are in a tough market in Northern Michigan for investors to come in and invest in properties because we are a low population base and we are away from the industrial belt so we need some kind of tools to help investors out, which is what we are trying to do here.

General Business:

■ **Consideration of Reappointment of Jeanette Bronson to the Historic Resources Commission, Term to Expire 3/25/21.**

Mayor Pro Tem Couture moved to reappoint Jeanette Bronson to the Historic Resources Commission, term to expire 3/25/21; supported by Councilman Temple. Motion carried unanimously.

■ **Consideration of Reappointment of Phil Porter to the Historic Resources Commission, Term to Expire 3/25/21.**

Mayor Pro Tem Couture moved to reappoint Phil Porter to the Historic Resources Commission, term to expire 3/25/21; supported by Councilman Temple. Motion carried unanimously.

■ **Consideration of Appointment of Matthew Friday to the Historic Resources Commission, Term to Expire 3/25/22.**

Mayor Pro Tem Couture moved to appoint Matthew Friday to the Historic Resources Commission, term to expire 3/25/22; supported by Councilwoman Riddle. Motion carried unanimously.

■ **Consideration of Reappointment of Scott McNeil to the Brownfield Redevelopment Authority, Term to Expire 4/13/21.**

Mayor Pro Tem Couture moved to reappoint Scott McNeil to the Brownfield Redevelopment Authority, term to expire 4/13/21; supported by Councilwoman Kwiatkowski. Motion carried

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unanimously.

■ **Consideration of Reappointment of James Granger to the Brownfield Redevelopment Authority, Term to Expire 4/13/21.**

Mayor Pro Tem Couture moved to reappoint James Granger to the Brownfield Redevelopment Authority, term to expire 4/13/21; supported by Councilwoman Kwiatkowski. Motion carried unanimously.

■ **Consideration of Reappointment of Robert Andrews to the Brownfield Redevelopment Authority, Term to Expire 4/13/21.**

Mayor Pro Tem Couture moved to reappoint Robert Andrews to the Brownfield Redevelopment Authority, term to expire 4/13/21; supported by Councilman Temple. Motion carried unanimously.

■ **Consideration of Reappointment of Roderick Jones III to the Brownfield Redevelopment Authority, Term to Expire 4/13/21.**

Councilman Temple moved to reappoint Roderick Jones III to the Brownfield Redevelopment Authority, term to expire 4/13/21; supported by Mayor Pro Tem Couture. Motion carried unanimously.

■ **Consideration to Give City Manager Eustice Approval to Apply for a USDA Loan for the Water Tower and Water Project in the amount of \$4.9 million –**

Councilwoman Kwiatkowski moved to give City Manager Eustice approval to apply for a USDA Loan for the water tower and water project in the amount of \$4.9 million; supported by Councilwoman Riddle.

Councilwoman Riddle asked if anyone wants to talk about this. City Manager Eustice replied certainly, noting that DPW Director Karmol and Brian Bohls from Gordie Fraser are here to answer any questions. He went on to state this loan is a water only project and a big percentage of it is the water tower. We will qualify for this loan based on the increase in our water rates. Also, at some point we will ask for a loan for the sewer side of the project, which probably will not happen until later in the year or next spring, but we are working very fast to get this loan and get some projects started as soon as possible. Mayor Pro Tem Couture commented there has been a lot of discussion on this loan. City Manager Eustice noted the City has the funding source in place to be able to pay these loans back. Councilman Lavender asked if the loan goes through when the project starts. DPW Director Karmol mentioned bidding these in the fall for spring, noting these are actually three year's worth of projects. This is approximately one-half of the funding that Council gave him for 10 years, so we would like to plan this out for the next three years. We are also trying to secure the best funding source, which is the USDA, and it is also the one with the highest percentage of grants that we could qualify for. What they are specifically asking for is that this loan will include all of the deficiencies that the MDEQ put on our system, so we can address those and several others like the Center Street problem. We are addressing customer complaints and MDEQ deficiencies so

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that should help our grant funding eligibility. Ms. Lisa Fought will be write the grant and we already prefigured the rate to pay for this. Mayor Bronson commented that is what we want to move ahead.

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 he recommends tabling this matter, due a meeting that has been scheduled for tomorrow morning at 10:00 a.m. with Inverness Township to discuss the current Sewer Agreement and how they are going to move forward with either renegotiating the Sewer Agreement or contracting out the operation and maintenance. Mayor Bronson informed Council that he and City Manager Eustice talked about this earlier and thought that maybe we should table it until after that meeting. City Manager Eustice stated he believes the City is under billing the operation and maintenance for the Sewer District at this point and by contract it is our determination and City Attorney Stephen Lindsay's determination that we could bill additional operation and maintenance to the same property owners that are being billed debt service. Councilwoman Riddle asked why we can't put this in place and then if something else gets accomplished we can always nullify it, but that way we would have it in place if we don't come up with something different. She went on to state we have to do it. Councilwoman Kwiatkowski stated she thinks it would nice to go to the table tomorrow free of any extra say. Mayor Pro Tem Couture stated he is looking for a recommendation from the City Manager, Mayor and DPW Director. City Manager Eustice stated part of the issue is because of our sewer rate increases we have to increase Inverness Township's sewer rates and that is automatically in place. It is occurring now but they will not see it until their October bill because it is for July, August and September. This will generate additional revenue at this point and he thinks it would be best to tell them because their rates are going up significant anyway and not hit them with both.

Mayor Pro Tem Couture moved to table until the next recommendation 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; supported by Councilwoman Kwiatkowski. A roll call vote was taken – Yes votes: Kwiatkowski, Bronson, Lavender, Temple and Couture No votes: Riddle; motion carried.

▪ **Consideration of 2017-2018 Fourth Quarter Budget Adjustments** – City Manager Eustice referred Council to columns 4 and 5 of the 2017-2018 Budget. He noted any activity/budget items that are over the Amended Budget, for example “interest on delinquent taxes”, we are going to amend those as overages and any expenses that occurred, i.e. professional services under City Council Expenditures, which was budgeted for \$6,000.00 is at \$14,141.00, most of that being the Rahmberg Stover Organizational Analysis. We are going to have to adjust that budget otherwise we will have to do a Deficit Elimination Plan with the Department of Treasury. There are 27 expense adjustments, noting printing was at \$4,500.00 and it is \$6,904.00. Those items that are over the budgeted amounts will have to be adjusted and Clerk/Treasurer Brown is given the authority to make those adjustments so we are in balance

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when the audit comes. City Manager Eustice pointed out we are going to have to pull about \$25,000.00 from the Fund Balance to meet the Ice Pavilion budget. Councilman Lavender asked if somebody has an event over there do we charge them to use that. City Manager Eustice stated we do and we make decent money on some events, but there are a few events that never make \$150.00 for the afternoon. It is a reasonable rate but you never make money at those kind of events. The larger events like the Gun & Knife Show are very profitable for us. Major events are helpful but the number one revenue generator is selling ice and that has gone significantly down over the last few years. It does not appear it is going to come back anytime soon or very quickly. Councilman Temple asked how long we can survive having that open. City Manager Eustice stated his personal opinion is that it is going to cost us eventually in the long run from the General Fund but there is no reason that we can't do capital outlays to keep it open. It is not the best thing to do in any kind of budget, but maybe at some point we are going to have to levy a millage for recreation options. He noted they are looking at recreational authorities. Councilman Temple stated he knows a lot of ice pavilions have closed. City Manager Eustice stated the Otsego County Sportsplex is considering closing their pool operation. They levy 3 ½ mills on County properties to operate that facility and they can't make it. Running a pool system is very costly, and that whole facility is a much higher expense than what we have here. They struggle making budget. City Manager Eustice stated he thinks we can continue to operate but at some point we may again have to levy a millage, maybe one-half a mill, to help it continue. Councilwoman Riddle stated that would have to go on the ballot for the whole County. Mayor Pro Tem Couture stated it depends, noting a presentation was made at the Inverness Township Hall on recreational millage; but we are putting the cart before the horse right now. Our Recreation Commission is just getting traction into redeveloping our Recreation Plan so we have to get things in order before we can go looking for help; we have to figure out what help we need first. We know when looking at the budget, but to have it in a plan we are not there yet. Councilwoman Riddle stated there is also the other way of looking at it; the arena is set off in its own category and has always been and it is used by Townships and the City and everyone alike, so in thinking of doing a half mill you are affecting all of the users, which to her is most appropriate. Mayor Pro Tem Couture stated he thinks we need to let the Recreation Commission develop a plan of attack and the last meeting was the first meeting with everyone there. He thinks we have good people on the Recreation Commission and he thinks they need the City Manager's leadership on what direction they need to go and what priorities we need to address. City Manager Eustice stated he had a meeting today with Kate Schulz, the Chair of the Recreation Commission and Parks & Recreation Director Hancock and discussed just those things and went through the current Recreation Plan and had some suggestions to change the Plan. Mayor Pro Tem Couture commented our Recreation Plan compared to surrounding areas is a few pages while others are 200 pages. There is a lot that can fall into there so it is going to take a little time, but the process has started. Recreation is all expenditure – no income. City Manager Eustice stated the Ice Rink does bring revenue to the enterprise account of the Ice Rink itself, but it is just not enough; however, it also brings a lot of dollars to our economy that are not direct dollars to the budget, but to the business owners, motels, restaurants, etc. It is an attraction. Mayor Pro Tem Couture then commented it can be a valuable asset hopefully in the future and we can keep that encouragement of more tournaments, and hopefully this turns all in our favor. City Manager Eustice stated the Rink brings a lot of people to Cheboygan in the wintertime that otherwise would not come to Cheboygan. He then noted the pool tournament was a success and we profited about \$5,000.00 and we are going to continue that, with a couple changes being made.

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It is held in April and a time when nothing else is going on and we draw a lot of people to the community and fill our hotels and those in Mackinaw City. These are positive things and we need to try and continue to do those things. Rink Manager Coxe has tried to find options, i.e. boat shows and golf equipment shows but those are difficult in a non-populated area like Cheboygan. Those kind of shows are better in areas like Grand Rapids. The gun and knife show works because we have a lot of hunters in the area.

Councilman Lavender stated there is a lot of activity that is quite below the adopted budget, asking if that is because there are still expenditures coming through. City Manager Eustice replied yes, noting that will change. Councilman Lavender then asked if there is going to be a finalized report. City Manager Eustice replied that is typically done with the audit but he can summarize that. Mayor Pro Tem Couture asked if it will show the amended budget. Mayor Bronson stated usually at the end when the auditors are done, you have a proposed, amended and final budget. Councilman Lavender then inquired about the professional services in the DDA as it is quite a bit higher than budgeted. City Manager Eustice replied he does not know exactly what that would be related to, as there are multiple professional services we use, but not attorney fees. He will look at it and see what was paid out.

Mayor Pro Tem Couture moved to approve the 2017-2018 Fourth Quarter Budget Adjustments as presented; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

▪ **Consideration to Schedule a Public Hearing for July 24, 2018 for Consideration and Approval of the Brownfield Plan for WB Vacation Properties, LLC, 103 & 107 W. State Street, Cheboygan, Michigan 49271** – City Manager Eustice stated this is a Brownfield Redevelopment Plan, which has already been submitted to the Brownfield Board, who recommends it for approval to the Council. The Council has the choice at the public hearing not to approve it but tonight all we are doing is scheduling the public hearing.

Councilwoman Riddle moved to schedule a public hearing for July 24, 2018 for consideration of approval of the Brownfield Plan for EB Vacation Properties, LLC, 103 & 107 W. State Street, Cheboygan, Michigan 49721; supported by Councilman Lavender. A roll call vote was taken; motion carried unanimously.

▪ **Consideration of Golf Cart Operation on City Streets for J35 Sailboat Race Committee on July 26 through July 29, 2018** - Director of Public Safety Jones stated this is a request to use two golf carts on N. Huron Street and N. Main Street from the Eagles Lodge, which is going to be the headquarters for the race, to and from the County Marina. The operation is mainly for judges who have to go back and forth doing special inspections and a lot of things to facilitate the race. This is a temporary usage for two golf carts to go back and forth on the side of the road from the Eagle's Lodge on N. Main Street down to the County Marina on N. Huron Street. It is for a limited timeframe from July 26 through July 29. Councilwoman Riddle stated this is different than the other request for the Tour Company. Director Jones stated if Council wants to take care of this matter, he will explain the other request that will be coming. Mayor Pro Tem Couture asked if the City will accept the liability for this with the temporary usage and will pick it up under our liability. Director Jones stated there is no

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additional expense of liability on the City's part, but the Sailboat Committee has liability coverage. Mayor Pro Tem Couture asked who owns the golf carts. Director Jones replied the Sailboat Committee.

Councilman Lavender made a motion to approve the operation of two (2) golf carts on N. Huron Street and N. Main Street from the County Marina to the Cheboygan Eagles Lodge from July 26 through July 29 for the J35 Sailboat Race Committee; supported by Mayor Pro Tem Couture. A roll call vote was taken; motion carried unanimously.

Director Jones explained to Council the other request for Explore Cheboygan Tours; they have submitted a letter along with contacts from some other individual residents of the City inquiring about operating golf carts on City streets. There is a Section 257.657 of the Michigan Vehicle Code that allows cities and townships to approve a resolution to allow the operation of them. There are different categories for electric powered and gas powered and those that don't exceed 35 miles per hour. With that, we have to do a draft of a resolution that we are going to forward to the City Attorney and have it all reviewed and set up for Council, hopefully by the next meeting, depending on his schedule. They will bring it back to Council so that the Tour Company and some others can operate on City streets, but no State trunklines just like the four-wheelers and ATVs; they cannot go on Mackinaw Avenue, E. State Street/US 23 or M-27. They would just be able to operate on City streets, so you won't see one driving down Main Street. Even the tour route could not be approved for operation on the State trunklines/highways. Director Jones stated he thought it was best that we have the City Attorney review it, as it is kind of an amendment under the State Vehicle Code, which allowed it. A lot of communities have allowed it and do not allow operation by anyone under the age of 16; you have to be licensed; and no operation on the highways or sidewalks. Some communities have an adult car path, but we do not have those. Director Jones informed Council they will get a draft of the Resolution and a copy of the Vehicle Code that covers golf carts prior to the next meeting.

City Clerk's and Treasurer's Comments: Clerk/Treasurer Brown stated she has nothing to report on at this time; she is still getting her feet wet. City Manager Eustice commented Clerk/Treasurer Brown is doing well and we are very fortunate to have her.

City Manager's Report:

- **Gold Front Demolition/Huron Street Project** – City Manager Eustice reported the Gold Front is in demolition and most of the front wall is down. He then informed the Council they are trying to finish up the Huron Street project. The waterline is in place and we have to eventually build a street and put some gravel down. We won't obviously pave the street until the Gold Front demolition is out of the way and we are trying to organize that. City Manager Eustice then informed Mr. Brian Bohls from Gordie Fraser that the grant may need to be extended. Mr. Bohls stated he has a call in to get the grant extended because there is certainly some reasonable reasons to adjust that, noting they lost of month in terms of the late winter weather, so he would say a minimum of 30 days would be in order. City Manager Eustice stated the City will work with the County to market the Gold Front property and the Michigan Main Street Committee is going to help us with trying to market and redevelop the property. We don't want it to just be a public space; we want to find an investor that wants to build there

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and improve that property. Councilwoman Riddle said right now Huron Street is blocked off and how long is it anticipated to be blocked off. City Manager Eustice stated it should be open by the weekend. DPW Director Karmol commented it should be open this weekend, but we still have to make connections, which is the reason it continues to be dug up. First we had to prove that the new watermain was good and then when the new watermain was good we had to start hooking properties up to the new connections. Councilwoman Riddle said it would be nice to kind to alert people that we would like to have Huron Street open by the weekend barring complications. DPW Director Karmol stated the reason that is blocked off is because of safety and if we didn't block it off people would drive by just to look and that is not necessarily safe for the people working in it. Councilwoman Riddle then asked if Main Street is going to stay open or is that going to be blocked off for some period of time. City Manager Eustice stated Main Street should not be any different than it is today. They started on the Main Street side to take the front wall down, so there is two way traffic there and it is a little bit tight southbound, but it is not going to be any different than what you see there now. A majority of the project and demolition and removal of the debris is all going to come out on Huron Street. Councilwoman Riddle stated the parking lot behind the building that has the bunny wall on one side belongs to the people that have that building; are the dump trucks going to be able to use that parking lot at all. City Manager Eustice stated he believes so and they are using a portion of it right now. DPW Director Karmol commented people are going to get madder because we are going to pave that stretch and it is going to limit accessibility and people are going to be upset. They are going to try and keep the dust down. He is proposing to go all the way to the Park with the paving, which resulted in taking three roads off until next year, due to saving mobilization costs of paving the Park stretch as it was two years out from being done. Councilman Temple asked what streets are being put on hold. DPW Director Karmol replied that is something he was going to bring to Council because we are running out of streets to pave without new infrastructure. Center Street was going to be done along with the watermain project, but now they are going to start getting pared with the infrastructure underneath. They thought of doing side streets downtown and Division Street and start branching out on some of these side streets, and we are going to try and coordinate with our water projects, as well. Whenever there is an extra \$20,000.00 that is when they are going to pave a side street, noting to get Elm Street done was \$25,000.00. DPW Karmol then stated we could list it but he reserves the right to see how it goes through the winter; he has a list and he would tell Council but then if we look at it next winter he might change his mind. Councilman Temple commented some of the streets have grass coming up in the middle of them. DPW Director Karmol also stated there are streets with major sinkhole issues and they are caving in on us, but he can't just put the icing on the rotten cake. What he is trying to say is that people are going to get really frustrated with him and people are going to second guess that it should have been done after Labor Day. It really should have been done after Labor Day and people are going to be mad their trips to their boats and beach are interrupted, but he is trying to save money and do it within the grant project and we are trying to give them a nice paved way to one our gems on the beach. Councilwoman Riddle asked how long DPW Director Karmol anticipates the road down to the beach is going to have to be closed. DPW Director Karmol stated he does not anticipate closing it at all, but does anticipate there will be one lane traffic and lots of angry people because they can't get by with their boats. As seen with other projects in the County, it will be down to one lane and taken down to gravel and then paved. There is still going to be accessibility although it is going to be slow and there is going to be dust and they are going to try and keep the dust down. He then stated after the Huron Street paving, they

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will begin paving the water projects as we go. There are going to do some sections based on how much we do cold patch on; there are a few pieces he would like to do pave because we are dumping a whole lot of cold patch and this will save us money later. Councilwoman Riddle asked City Manager Eustice what other areas do we have in and around the City that would accommodate launching larger boats that would have difficulty going down a single lane road, that would normally go to the boat launch at the Marina. City Manager Eustice replied they could launch at Major City Park, but it is limited and does not think you can launch anything over a 40 foot boat there. Councilwoman Riddle stated she thinks it would behoove us to have the different locations to launch in the area if someone comes into the community, mentioning Walstrom's. City Manager Eustice said that is private but they may allow you to launch there. The Forks would accommodate most any size boat, but then you are south of the Dam. City Manager Eustice then stated as quickly as Lincoln Avenue was paved, Huron Street will be resurfaced relatively quickly.

▪ **Sidewalk Agreement** – City Manager Eustice distributed copies of a proposed Sidewalk Agreement, noting a couple people already picked them up today. He stated he has a couple concerns about the Resolution that was adopted and is in place, noting that it can be changed. He thinks he made a statement at one Council meeting that the payback could be up to 10 years, but the approved Resolution states payments are due over a 5 year period at 6% interest, which may be high because the original Resolution was adopted in 1998 and interest rates were probably pretty high at that time. This is the Resolution that this Agreement has to abide by right now unless Council changes it. Councilwoman Riddle asked if it is possible to have in the Resolution that it will be at the rate of interest during the period of time when the Agreements are made, so we don't have to keep changing Resolutions. Can it be open, or is it not a good thing? Mayor Bronson asked if City Attorney Stephen Lindsay has looked at the Agreement. City Manager Eustice replied the City Attorney has looked at it. Mayor Bronson commented it seems to amend the interest should not be a huge hurdle to make it 10 years and change the interest rate. City Manager Eustice stated it is just a matter of changing the interest rate and adopting it. Mayor Bronson suggested we could make the interest rate match whatever the administration fee is for property taxes. Councilman Temple said his opinion is we do the 10 years because it is bad enough that people have to replace City sidewalks. Councilman Lavender asked if someone wants to just have the City do the sidewalk repair and not do payments over five or ten years, can they just pay the City. City Manager Eustice replied yes. Mayor Bronson said the property owner has the option of the City taking out the old and contracting to put their own sidewalk in as long as it matches the standards, noting a permit is still needed. Mayor Bronson asked for an amendment to the Resolution at the next Council meeting. Councilwoman Kwiatkowski asked what happens if an Agreement is signed and the property is then sold. City Manager Eustice replied it becomes a lien on the property and it goes to the next property owner, but it has to be disclosed in the sales agreement. He then clarified that the Council wants to go 10 years on the Agreement, asking if they want an interest percentage. Councilwoman Riddle commented City Attorney Lindsay has to look at that. Mayor Bronson stated his recommendation is 1%, the same administration fee on property taxes, as we are not looking to make money on this. City Manager Eustice commented we want to make it as easy for the residents to be able to do this.

▪ **Lease Agreement for the Bodman Longley Building on Court Street** – City Manager Eustice stated Council has the Lease Agreement for the Bodman Longley building on Court Street pursuant to past discussions. The Lease was drafted in 1983 for 45 years, which means

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it expires in 2028 and they pay \$100.00 per year. It is a very detailed document because it was an Agreement with a law firm. This has also been the subject of DDA meetings, as well, even though the property is not in the DDA District. There has been some questions as to whether or not the Lease Agreement has been upheld. Mayor Bronson asked at the end of the Lease, does this go out for bid. City Manager Eustice replied the Agreement addresses that, but does not recall. Councilman Lavender asked if this is exempt on the tax roll. City Manager Eustice replied no; it is a fixed rate almost like a payment in lieu of taxes. It has a taxable of \$37,500.000 and it has never changed and has not been changed to a building on leased land. Councilman Lavender stated he believes it is taxable. City Manager Eustice noted some of the doctor's offices in Cheboygan Memorial Hospital were set up that way, based on the square footage they were using even though they were in an exempt organization.

▪ **6 Point Focus for Regional Growth & Prosperity** - City Manager Eustice informed Council he has been working with the Council and Commissioner Sangster on trying to get some marketing help, noting they first looked at the Port. There is a Port Initiative Team that Councilman Lavender is part of. They were trying to market the Port of Cheboygan and recruit some industrial investment. Through that Port Initiative Team, we kind of expanded the criteria for marketing the entire community, not just the City of Cheboygan and Commissioner Sangster and local business woman, Sharen Lange, came up with this 6 Point Focus for Regional Growth & Prosperity. It basically lays out some deficiencies in our community that we need to work on, including health care. We need to market not only the Port of Cheboygan, which is certainly a focus to try and get industrial investors to locate here, but we are also going to try and market commercial development and new housing development, as a big need in Cheboygan is high quality housing development, which is what Brian and Wendy Fleming are doing with the former Cheboygan Hardware facility. We are going to focus on downtown because we have a lot of vacant upper level buildings in downtown Cheboygan that can be developed for residential properties. City Manager Eustice went on to state they were not sure how this is going to be funded yet, pointing out an outline of what a Community Development Specialist would look like. The County has some interest in funding this in part or maybe all, but it is going to be up them. The document, which is a contracted proposal for a Community Development Specialist, is basically all County related. If they decide to go with this type of specialist the major focus would be on the City because we have the biggest need, but at this point it could be 100% County funded. The County has an Economic Development Corporation and they may have some budget dollars to fund this position. Again, it is a contracted position so there would be no benefits paid. City Manager Eustice went on to state this is something he pushed, as he needs help marketing and feels we are missing a lot of opportunities because we don't get into the recruiting market of commercial and industrial type areas; we are not on the radar of companies that are looking to expand. He thinks we need to do this and we have the Port of Cheboygan to market. We have some opportunities, which are limited, because we are not in the industrial belt, but we have water transportation. It is likely going to be a mixed business that is going to want to locate here. There are businesses out there that exclusively receive and ship by water. We need a specialist focusing on this type of thing. City Manager Eustice then informed Council the County has this on their docket to look at this very seriously. Mr. Steve Schnell, former Community Development Director for the County, moved on to NEMCOG and they have not replaced that position yet. The County may ask us to help fund, but if they can do it that would be helpful. He then informed Council that Sharen Lange who is on the Committee certainly has

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an interest in being this Community Development Specialist, at least on a temporary basis and he thinks she would do a very good job and think we ought to give her a chance. She is very active in the community and has a lot of community development knowledge and is very personable and can attract some new business for our community.

Messages and Communications from Mayor and Council Members:

- **Former Cheboygan Hardware Building Renovations** – Councilwoman Riddle questioned possible interference with Mr. Plaunt’s ferry service. Councilman Lavender explained there is more footage than it appears. City Manager Eustice noted what she is looking at is only a rendition and they will be doing a full site plan and have it surveyed. It will be going to the Planning Commission and City Council for review. Councilwoman Riddle stated the reason for her concern is that the Cheboygan Village Marina ended up being a steel pole barn, which was not what it was supposed to be. She is concerned that we not have another surprise when it is over and done with. City Manager Eustice said he knows in the case of Cheboygan Village Marina because it was a brownfield project, the State required a zero lot line. The original drawings of that property showed about 20 feet of greenspace from the sidewalk to the building and the State made them change that to a zero lot line or they were not getting brownfield money. The same thing happened with the Straits Area Federal Credit Union. They couldn’t build back off the property; it had to be an urban development, thus a zero lot line. City Manager Eustice noted a zero lot line will be the case with the State Street side of the building, but they can be back off the River.
- **City Government** – Councilman Lavender stated although he is not running for City Council again, he encourages anybody that wants to be involved with City government to get involved.
- **Brush Disposal Area Behind DPW** – Councilman Temple asked if the brush disposal area behind the DPW is locked now after 3:00 p.m. City Manager Eustice stated it is open from 7:00 a.m. to 3:30 p.m. and then it is locked. Councilman Temple stated there probably should have been a notice in the paper because he knows of people who loaded their trucks up to go down after work and it was locked. City Manager Eustice said people were dumping trash there, i.e. couches, chairs, etc. He then stated the City will run a notice to let people know. DPW Director Karmol commented he would actually like to open it back up, but people have not applying the rules to not dump other debris and garbage there and pick through the metal pile or whatever they want to do. He is not one for liability. We enjoyed having them bring their brush and enjoyed having a place for them to take their brush, but unfortunately we had a few people who decided to do differently. City Manager Eustice stated it is unfortunate because most people cannot bring their brush to that site between 7:00 a.m. and 3:30 p.m. He then informed DPW Director Karmol that maybe they should give it a shot again.
- **Lease Agreements** – Mayor Pro Tem Couture stated he knows Council has gotten a couple lease agreements, but does the City Manager have more or a list for Council. City Manager Eustice stated he can get Council copies or a list because he has them all on the table in his office. Mayor Pro Tem Couture stated he does not really care to read all of them, but he wants the City to be consistent, noting we are looking at golf carts now. He does not want to deter any of it, but wants it to be consistent. City Manager Eustice then stated he was going to have Deputy Clerk Gahn copy the leases, but we have about 8 or 9 leases that are long and all different and different years and different styles. Mayor Bronson asked Council if they want to see all the different leases or maybe a list of the leases. City Manager Eustice replied he will

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do a spreadsheet with the term of the lease. Councilwoman Riddle stated she would like a little synopsis of what they cover, term, and what things are different than another lease. Mayor Bronson stated otherwise everyone would have a ream of paper. Mayor Pro Tem Couture stated they can be digital. City Manager Eustice stated at least he will do a summary of what they are. Deputy Clerk Gahn has pulled the files. It was a good exercise to go through and find out how many leases we have in the City like the Chamber who leases the property for \$1.00 a year and we have rights-of-way leases and we have some odd leases. There are things he did not even know we were leasing. Councilwoman Riddle stated it would also be good to know when the sunsets are on the leases that Council needs to be concerned about, so it is not a year later and they find out it is no longer current.

- **Rahmberg & Stover** – Mayor Pro Tem Couture inquired as to any other conversations with Rahmberg Stover. City Manager Eustice stated he was on the phone with Jeff Rahmberg for over one hour today. He said he was going to make contact with the Committee shortly. City Manager Eustice said he thinks Mr. Rahmberg is coming to a summary right now and he wants some comments and may call some or all of Council.

- **Development Meeting, July 11, 2018** - Mayor Pro Tem Couture informed the City Manager that he cannot make the meeting tomorrow and asked the City Manager to let him and those that cannot attend as to what happened via e-mail. City Manager Eustice replied yes. He stated actually only Mayor Bronson and he will be at the meeting tomorrow. It is not a true mediation meeting.

- **Tabling the Inverness Township Sewer Increase** – Councilwoman Riddle stated she wanted to state why she voted no on tabling the Inverness Township Sewer Increase. She then read: “a request to take this action was tabled by City Council in December 2017”. This is now July 2018. She also read: “Also the City of Cheboygan is subsidizing the operation and maintenance of the Township Sewer System by using City sewer users’ dollars to operate the Township system because of the shortfall.” She said she really sincerely thinks we need to take action. Mayor Bronson stated this has been a majority of our discussions with the Township since we tabled that.

- **Sprucing Up for the Races** – Councilwoman Kwiatkowski asked if there is a plan to spruce up for the sailboat races. City Manager Eustice said we can orchestrate that, asking DPW Director Karmol if trees were ordered for downtown. DPW Director Karmol replied yes, but previously in the City Budget there was no line item for trees. He thinks past practice was to wait until the wind takes them down because the insurance takes care of it. He does not have any money to proactively attack dead trees. What he has is money to take the widow makers down. We need to budget a line item for trees and he would utilize the money in the tree budget to take down as much blight as he can. That would be an ideal situation. Councilwoman Kwiatkowski asked how much it is to remove a tree is. DPW Director Karmol replied it depends on how big it is, but he thinks a good starting budget would be \$10,000.00 to \$15,000.00. Then Council can see through budget adjustments what we actually do. Councilwoman Kwiatkowski then asked about replacing these trees. DPW Director Karmol said they would like to replace only select trees and would like to get trees out of the rights-of-way because he fights with them with utilities later. Mayor Pro Tem Couture commented they also affect sidewalks. DPW Director Karmol stated a lot of places where you have sidewalks a lot of them have been heaved up because of the roots of those trees. We like the trees but don’t want them next to the infrastructure causing damage later. We would also like to place some dwarf maples because they are less intrusive than some of the native trees.

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Councilwoman Riddle asked if the DDA purchased the trees in the DDA District to replace trees that were dead. City Manager Eustice replied yes, noting they replaced seven last year. DPW Director Karmol mentioned getting grant funding for trees every time Consumers puts out a tree grant, but we needed a specific place to plant those trees so they had been in the DDA. He did not want to start to put them in residential areas where he is going to dig up the watermain. Consumers will give us up to 30 trees every year through the tree grant program but we just have to state where we want those and he is running out of places to put them that don't get in the way of something that we need to repair. It would be nice to put those in finished areas where we already have new infrastructure in place. City Manager Eustice noted there are trees outside City Hall that are just completely dead and we should be able to get those out of there because they are smaller trees. City Manager Eustice then stated they need to figure out how to get the weeds out of the gradings downtown, too. We used to spray those and then we thought that was what was killing the trees. DPW Director Karmol stated we cannot use weed killer around the trees because it goes into the storm drains or any Round-Up.

▪ **Water Filter from Center Street** – Mayor Bronson asked DPW Director Karmol to explain the discolored water filter. DPW Director Karmol stated that is a water filter from Center Street. He noted we don't pump iron out of any of our wells because all of our wells have less than one-tenth part per million of iron. That iron came from somewhere and we know it is iron because we tested it. Property owner Dave Warner and he have a history of talking monthly about his filters and wanting to charge the City. Typically what he does is credit him some water because we can't buy him filters. Mr. Warner has proven to DPW Director Karmol that he doesn't use part of the water because he brings him those filters and tells me he flushes his system. DPW Director Karmol said he believes it and when he wants to flush he tells Mr. Warner how many gallons to flush it. Right now we are getting by with those people on Center Street and we are actually wasting some water to try and get them fresh water. The main is a 1930's that is undersized and is getting scoured of its iron. He thinks that maybe some of those homes have their electrical system grounded to that, because he is trying to figure out why that cast iron main is giving off a lot of iron. In lieu of that, we really need to replace the main and we might skip a little ahead to this because of the water complaints. He then explained on Center Street there are also community service lines, as he calls them, because all they are are runs for people's houses off that main; they are not really a water main, so we have some cleaning up to do there. We need to serve those people water without hodge-podge pieces; we need to get them a real watermain and real services to their homes and then pave and move on. Mayor Bronson commented this is part of what DPW Director Karmol talked about with projects. DPW Director Karmol stated the City is monitoring Mr. Warner's water and Mr. Warner knows we have to log the MDEQ complaints, so he is keeping it going. He then stated he is happy to do because it helps him want to go do this grant because it helps to have some of that evidence. Typically he will take a picture of that filter, put it in Mr. Warner's file, throw the filter away, and keep logging the complaints.

Adjournment:

Mayor Pro Tem Couture moved to adjourn the meeting at 9:12 p.m.; supported by Council Temple. Motion carried unanimously.

Mayor Mark C. Bronson

Clerk/Treasurer Bridget E. Brown

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Councilman Joseph Lavender

Councilwoman Winifred L. Riddle

Councilman Vaughn Temple

Councilman Nathan H. King

Mayor Pro Tem Nicholas C. Couture

Councilwoman Betty A. Kwiatkowski