

REGULAR CITY COUNCIL MEETING

June 28, 2022

The Regular City Council meeting was called to order by Mayor Tebo in the Council Chambers at City Hall at 7:00 p.m.

Roll Call:

Present: Kwiatkowski, Tebo, Raab, Mallory, Mills, Darling, Bedwin.

Absent:

Approval of Agenda and Receive and File all Communications:

- Councilwoman Mills moved to approve the amended agenda and receive and file all communications. Seconded by Mayor Pro Tem Mallory. Motion carried unanimously.

Approval of Prior Meeting Minutes:

- Councilwoman Raab moved to approve the Regular City Council meeting minutes of June 14, 2022, as presented. Seconded by Councilman Kwiatkowski. Motion carried unanimously.

Public Hearing:

- Consideration to Adjust Water/Sewer Rates and Customer Related Fees.
 - DPW Director Jason Karmol presented a slideshow put together by the Michigan Rural Water Association. He explained how a water rate study was done for Cheboygan. Karmol talked about how the sewer system is an investment and needs to be taken care of. Karmol discussed various different points as to why the rates need to increase in order to protect the water/sewer system.
 - City Manager, Daniel Sabolsky, wanted to bring some questions to Karmol's attention that he has gotten from citizens. Are we putting away dollars for future repairs for our current infrastructure that we are putting in now?
 - Karmol said right now we are putting away money for what's called a RR&I which is for repair and replacement costs. There is some repair/replacement money for the plant as it moves forward. Its difficult to rely on that for a 44-year lifespan with a 20-year plan.
 - Sabolsky asked do these new rates cover any new projects or does that just pay for what we are putting in right now?
 - Karmol said it is to pay for what we are putting in right now, but it sets the City up for expansion.
 - Mayor Pro Tem Mallory asked why there isn't an increase every year.
 - Karmol said that in 2018 he did suggest that to Council, however it was voted down.
 - Councilwoman Raab asked as we try to develop the City and developers come in, what kind of strain would that put on the system? Some developers won't come in until there is a second water tower.
 - Karmol said that we are preparing for not saying no to developers. Individual properties will vary because of the age of the utilities and the age of the system. If we are

extending an old main, on a street that hasn't been repaired in a long time, Karmol doesn't have a lot of confidence in that.

- Councilman Bedwin asked if the presentation will be on the website.
- Karmol responded it will.
- Councilman Bedwin asked if Council adopted Option B, how much revenue would be lost?
- Karmol responded \$200,000. Karmol explained that right now we have about 1/3 of our meters replaced with new meters that are accurate and do a radio read. The remaining 2/3 are older, some 40+ years old, so the meters would need to also be replaced with the rate increase so all customers would be charged fairly with this increase.
- Mayor Pro Tem Mallory asked if there is a set area of the City where the meters are updated?
- Karmol responded that the largest meters got replaced first. Then went to cycle C, now A and B need replaced.
- Councilwoman Mills asked regarding the snowbirds and the ready to serve fee; do they pay that when they are gone?
- Karmol responded they do.
- Councilwoman Mills asked if they had their water shutoff at the street, do they still pay?
- Karmol responded yes.
- Sabolsky asked Karmol to address charges for services.
- Karmol responded that they needed to up their after-hours call out costs because the City is losing money.
- Councilwoman Darling asked what determines an after hours call out.
- Karmol gave an example of a customer that called out someone 3 times regarding a leak.
- Public comment open at 7:28pm.
- Richard Lamorey asked if the storm drain was still connected to the sanitary sewer system? Is that being addressed in this infrastructure?
- Karmol responded that in 1978, the storm sewer was separated on paper. All the paper work says that it is separated from the sewer. Karmol's data shows that there might be some areas that aren't separating or the pipes are just broken and there is ground water intrusion. There is a company that is currently cleaning out and video taping the insides of the City's pipes to see if they can find the problem spots. This company will then give Karmol a report of the problem areas and Karmol will then have to evaluate which problem areas will get fixed first.
- Janet Gahn asked some questions to Karmol prior to the meeting. Gahn stated that she encourages Council to go with option 1. Gahn also asked how many places do we have currently in the City that have a meter or do not have a meter that currently works? Gahn asked if the Council will get an accounting update once the new rates go into effect so Council can see the difference the rate increase is making and the revenue its producing? Thinks Council should be kept informed on this matter. Gahn also asked regarding accounts that cannot be placed on taxes as liens, that Council had acted on 2 weeks ago, is the City writing accounts off? How substantial are those write offs? If the

City is writing them off, why aren't we going for collections? Such as using a collection agency.

- Sabolsky responded and asked Gahn to provide those questions to Sabolsky and Karmol so they can answer them effectively.
- Gahn stated that she thinks its fiscally irresponsible for a municipality to not go after bad debt.
- Sabolsky explained that there are some steps they would need to take first before going after someone such as making sure the meter is reading properly. Options are being explored but first the primary concern is making sure water is properly being provided, but does agree with Gahn's point.
- Karmol did state that letters were sent to water customers with debt to the City and a good amount of people did make payments just from receiving those letters.
- Gahn stated that if you have a tenant that is responsible for the utility bill, if the City has a lease, those utility water and sewer payments cannot be placed on the property owner's taxes.
- Treasurer Bridget Brown stated that that is correct but it still is not written off, it would stay on the utility account. We did not have any write offs this year; all the tax liens were added as tax liens so there was no loss. In Brown's time here there has been one adjustment that they had to make and the issue was that there was a giant leak at the property that would have been adjusted anyway.
- Lamorey asked to explain why 100% of the water usage is billed on your wastewater.
- Karmol explained to Lamorey as to why that is.
- Lamorey and Karmol discussed Lamorey's concerns.
- George Olson stated that he lives on VFW road and they are connected to the sewer system but they all have wells. Is there such a thing as meters on a well?
- Karmol explained yes there is and addressed Olson's concerns.
- Sabolsky explained that he and Karmol are trying to set up a meeting with Inverness so people can come and ask questions and this can be discussed further with Inverness residents.
- Louis Vallance discussed his concerns as to why houses that have been within the City limits for years but still have no connection to City water.
- Sabolsky explained that before we can extend to certain areas of the community, we have to improve the main line. Adding a new extension to an old line is not financially feasible. There are projects that need to be put first.
- Vallance asked regarding new developments coming in; will they be put to the back of the line of projects? Vallance said the houses that have been here for years are entitled to water lines before new development.
- Councilwoman Mills commented that as Council, they are making sure that the community is being taken care of as a whole. We use their tax payer dollars to the best ability as possible. The money we have right now will fix what has been neglected for 40 years. Regarding new developments coming in, developers bring their own money to develop and build. A new line to a residence would come out of tax payer pockets.
- Public comment closed at 7:59pm.

- Councilman Kwiatkowski moved to approve Exhibit A – Option 1 for Water/Sewer Rates and Related Customer Fees. Seconded by Councilwoman Raab. A roll call vote was taken, motion carried unanimously.
- Consideration to Amend Ordinance 157: City of Cheboygan Floodplain Management Ordinance.
 - Clerk Alyssa Singles explained to Council that the Federal Emergency Management Agency has completed new floodplain insurance maps and that this amendment would accept those news maps. The intergovernmental agreement between the County Building Safety Department and the City will be on the next Council agenda and was just on the Board of Commissioners meeting this morning.
 - Public comment open at 8:01pm.
 - No public comment.
 - Public comment closed at 8:01pm.
 - Councilwoman Darling moved to approve the amendment of Ordinance 157: City of Cheboygan Floodplain Management Ordinance. Seconded by Councilwoman Mills. A roll call vote was taken, motion carried unanimously.
- Adoption of Operating Budget.
 - Treasurer Brown wanted to let Council know that the budget is not set in stone. An amendment can always be made if necessary.
 - Councilman Kwiatkowski asked regarding major streets winter maintenance; have the winters been that mild that its set at \$35,000?
 - Brown said that its based on what the DPW guys input on a day to day basis, but yes it has gone down.
 - Councilman Kwiatkowski asked regarding DDA revenue and why it's under miscellaneous revenue and where that money is coming from.
 - Brown said with the purchase of 220 Water Street, we know we will be collecting lease revenue. Right now the chart of accounts is being updated with the State of Michigan so Brown cannot enter new GL numbers. When the chart of accounts is finished, that will be moved to a different line item, but for now that is where Brown can put it for the budget.
 - Councilwoman Mills had a comment for Brown; stating that she is always on top of it and that the budget is a monster and she does an excellent job.
 - Public comment opened at 8:05pm
 - Mayor Pro Tem Mallory asked regarding the DDA lease collection.
 - Brown explained how it works with the chart of accounts.
 - Vallance asked since when does a parking lot file a W-2?
 - Brown said they do not file a W-2. That is for work being done in the parking lot such as painting lines, maintenance, etc.
 - Public comment closed at 8:07pm.
 - Councilman Kwiatkowski moved to adopt the 2022-2023 Fiscal Year Operating Budget for all funds of the City of Cheboygan. Seconded by Councilwoman Mills. A roll call vote was taken, motion carried unanimously.

General Business:

- Consideration of Appointment.

- Councilwoman Raab moved to appoint Laurie Musclow to the Historic Resources Commission, term to expire March 25, 2025. Seconded by Mayor Pro Tem Mallory. Motion carried unanimously.
- Consideration of Budget Amendments.
 - Councilman Kwiatkowski asked regarding the ice pavilion fund with the pool tournament, did the expenses exceed the revenues?
 - Brown said they did not. About \$2,000 was made at that event. They thought they would make about \$5,000 but the heater rental was very expensive so alternative options will be looked at next year.
 - Councilwoman Raab asked regarding accounts and the numbers in parentheses. What exactly do those mean?
 - Brown explained Councilwoman Raab's question.
 - Councilwoman Raab commented that she has not gotten a report from the Finance Committee.
 - Sabolsky stated they will receive the packet but no notes are taken during the meeting.
 - Brown stated that she will send out the packet for all of Council.
 - Sabolsky said that committee updates are like a summary of what has happened at the meetings.
 - Mayor Pro Tem Mallory suggested that Finance Committee reports at the beginning of the meeting if there is something that pertains to them on the Council agenda.
 - Council discussed as a whole.
 - Councilwoman Mills moved to authorize the Treasurer to make the necessary budget amendments as presented. Seconded by Mayor Pro Tem Mallory. A roll call vote was taken, motion carried unanimously.
- Purchase of Dump Trucks.
 - Sabolsky explained how the City's current dump truck is in bad shape and we are in need of replacements.
 - Councilman Kwiatkowski asked if this is a current fiscal year purchase.
 - Sabolsky said it could go either way.
 - Councilman Kwiatkowski moved to authorize the City Manager to purchase a single axle dump truck and a tandem axle dump truck from Midwest Tractor and Equipment Co, Inc for a purchase price of \$73,500.00. Seconded by Councilwoman Darling. A roll call vote was taken, motion carried unanimously.
- Purchase of AirPaks.
 - Fire Chief Don Dailey explained that the AirPaks the department is currently using are anywhere from 18-20 years old. About 5 AirPaks are no longer in service and Dailey anticipates another 5 will be out of service soon.
 - Councilman Kwiatkowski asked if this would be federally funded.
 - Sabolsky said we could use the American Recovery Funds for this purchase.
 - Councilwoman Raab moved to authorize Fire Chief Don Dailey to purchase AirPaks from West Shore Fire for the amount of \$62,450.00. Seconded by Mayor Pro Tem Mallory.
- Pine Hill Cemetery Repair.
 - Sabolsky discussed the creek bank repair in the cemetery. There are a couple trees that need taken care of as well as the erosion.

- Councilwoman Darling moved to authorize the City Manager to hire Northern Excavation for up to \$15,000 to repair the creek bank in Pine Hill Cemetery. Seconded by Councilwoman Mills. A roll call vote was taken, motion carried unanimously.
- Water Meter Replacements
 - Sabolsky discussed regarding the water meter replacements for the City. This would be a project to bid out to contractors.
 - Gahn asked what kind of time period is the City talking about to get these meters replaced?
 - Sabolsky said this will most likely have to be done within a 2-year span.
 - Councilman Kwiatkowski moved to authorize the City Manager to allocate and spend up to \$200,000 to replace water meters. Seconded by Mayor Pro Tem Mallory. A roll call vote was taken, motion carried unanimously.
- Consideration of Appointment.
 - Councilwoman Raab moved to appoint Mary Brown to the Historic Resources Commission, term to expire March 25, 2024. Seconded by Mayor Pro Tem Mallory. Motion carried unanimously.

City Managers Report:

- Sabolsky reported that Gracie Larson and the City have entered into a contract for her to power wash and stain the footbridge in the Pine Hill Cemetery. Our crew will come in and stable the bridge. A few posts and a guardrail will be put up where someone had driven into on Pine Hill Ave. The creek will also be fixed. Potholes in the cemetery roads have been and will continue to be fixed. There is a sink hole in the new section of the cemetery that will be fixed as well.
- There were some union negotiations with the ‘regular’ union. An extension was filed to finish the contract by the end of next month. The term for this contract will be 3 years.

Public Comments:

- Judith Coviak commented that over at the trail head, all the oak trees are getting damaged by the weed whipping. Wondering if anything can be done to take care of that.
- Sabolsky said some pipe put around the tree could help that. It can be taken care of.
- Gahn asked why does the City wait 3 days before the budget needs to be approved for the new year? Why is it last minute? Is there a reason the total tax milage amount was not written in the motion instead of it saying ‘as presented’?
- Sabolsky commented that there was a separate sheet that stated the amount.
- Councilman Kwiatkowski agreed that the amount should be in the motion.
- Gahn commented regarding a story about the cemetery in the Tribune and that it refers to the Pine Hill Cemetery Facebook page and encourages the City Manager and Council to view that page. When inquired about the page, Gahn was told the independent contractor was in charge of the page.
- Vallance talked about the Finance Committee and wondered if this was a violation of Open Meetings Act. Records and minutes should be available for public.
- Councilwoman Raab commented regarding Vallance’s concerns. Whatever the committee discusses will be brought to the Council meeting.

- Councilwoman Mills stated that you are in violation of the OMA if you have a quorum. The committee does not have a quorum.
- Councilman Kwiatkowski stated that they do not pass policy or make any motions/decisions.
- Vallance commented on water meters and the City's funding accounts.
- Councilwoman Raab answered to Vallance's concerns.
- Vallance stated how a citizen's comment a few meetings ago was uncalled for.
- Connie Rieger thanked the Council and the City employees for the work they do.
- Ray Lofgren commented that there were pictures shown to Council and was unsure if any of those pictures are homes on Eastern Ave or not. There are some homes that should be torn down.

Council Response to Public Comment:

- Councilman Bedwin reported that the Finance Committee met last week and discussed the Wastewater Treatment Plant and the rates study. Very informative on the needs to raise rates.
- Councilwoman Mills commented that Karmol covered most of their meeting.
- Councilwoman Raab is excited that there are 2 new members for HRC and the City attorney has approved everything for the ordinances. The HRC meeting has been moved due to the holiday.
- Mayor Pro Tem Mallory stated that the DDA discussed the footbridge and approved looking at vertical access options. Regarding 220 Water Street, that property is pretty much all set. Discussed the SBEI grant and how that will be used.
- Councilman Kwiatkowski said if anyone has any questions about the City financing, first go to Brown or ask Kwiatkowski himself.
- Councilwoman Mills discussed the Housing Commission meeting. Regarding the community outreach committee, the salvation army of Cheboygan County will accept donations for hotels for the homeless. The Housing Commission has hired a new intake specialist. A draft for request of proposal has been written. The commission will be seeking project proposals from developers for project-based vouchers to increase the availability of affordable housing.
- Councilwoman Darling stated that Dale Rieger, Recreation Commission Chair, will be doing the report tonight. Rieger said due to COVID and turnover of commissioners, the commission seemed to be stuck in one place so commissioners got input from groups and people who are users of recreation facilities and programs within the City and they generated some ideas. Last meeting, they selected 4 specific goals.

Messages and Communications from Mayor and Council Members:

- Mayor Pro Tem Mallory asked Sabolsky what is happening at 1377 Mackinaw Ave.
- Sabolsky stated that there is some erosion happening behind the hotel. The owner would like us to come in and spend money to fix the shore to prevent further erosion. Sabolsky doesn't think it is the City's responsibility to do that because then anyone living on a creek and or river could ask the City to also repair their property. Sabolsky discussed the possibility of a drainage district and what a drainage district could do to fix erosion problems on properties. Council and Sabolsky further discussed the dam and the Little Black River Watershed.

Adjournment:

- Councilwoman Mills moved to adjourn the meeting at 9:08pm. Seconded by Mayor Pro Tem Mallory. Motion carried unanimously.

Mayor Leslie A. Tebo

Clerk Alyssa Singles

Mayor Pro Tem Brett Mallory

Councilwoman Diane Mills

Councilman Ken Kwiatkowski

Councilman Adam Bedwin

Councilwoman Diane E. Raab

Councilwoman Mary Darling