

REGULAR CITY COUNCIL MEETING

August 23, 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:

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

Approval of Prior Meeting Minutes:

- Councilwoman Raab moved to approve the Regular City Council meeting minutes of August 9, 2022, as presented. Seconded by Councilwoman Mills. Motion carried unanimously.

Departments, Boards and Commissions:

- Cheboygan Police Department Monthly Stats, July.

General Business:

- Consideration to Appoint Sarah Swanberg as Deputy Treasurer effective August 27th, 2022.
 - City Manager, Dan Sabolsky, explained that deputizing the positions that Swanberg and Martin are in is standard practice at City Hall. They have both done a great job in their positions and deputizing them would be the next step.
 - Councilman Kwiatkowski moved to appoint Sarah Swanberg as Deputy Treasurer effective August 27, 2022. Seconded by Mayor Pro Tem Mallory. A roll call vote was taken, motion carried unanimously.
- Consideration to Appoint Alexandria Martin as Deputy Clerk effective August 27th, 2022.
 - Councilwoman Raab moved to appoint Alexandria Martin as Deputy Clerk effective August 27th, 2022. Seconded by Councilman Bedwin. A roll call vote was taken, motion carried unanimously.
- Legal Counsel Contract.
 - Sabolsky explained that we had to put this legal counsel contract out to bid because we were trying to enter into a contract with the USDA for a 1.5% interest rate on our water improvements. The person in charge of that said that we need to show a contract that shows them we will have the same legal counsel next year when the project is in full swing. We did bid out the contract and the only bid received was from Lindsay and Lindsay, our current legal counsel. We do use Mr. Lindsay more often than we have in the past for a number of reasons. Lindsay's legal services usually cost \$200 an hour.

Lindsay came back with a contract of \$38,000 which gives us the full 250 hours and an option to buy more if we need more. Sabolsky would like to go back to Lindsay and negotiate more hours added to the contract because we do get that at a cheaper rate compared to exceeding the 250 hours and then buying more.

- Councilwoman Raab asked if the negotiation would be up to a certain hourly amount.
- Sabolsky said he would like to negotiate 300 hours since we have a lot of projects we will need his legal guidance on.
- Councilwoman Raab was wondering if there was a certain dollar amount it would be negotiated to or a dollar amount not to exceed.
- Sabolsky responded for the amount to not exceed \$48,000 for 300 hours. This is also a two-year contract. Sabolsky will also put in the contract that we can buy more hours from Lindsay if need be.
- Mayor Pro Tem Mallory moved to authorize the City Manager to negotiate and sign a contract with Lindsay and Lindsay for legal services not to exceed \$48,000. Seconded by Councilwoman Mills. A roll call vote was taken. Ayes by Mayor Pro Tem Mallory, Councilwoman Mills, Councilwoman Raab, Mayor Tebo, Councilwoman Darling and Councilman Bedwin. Councilman Kwiatkowski abstained. Motion carried,
- Consideration to go into Closed Session – Pursuant to Section 8(c) of the Open Meetings Act for AFSCME Union Contract Discussion.
 - Councilman Kwiatkowski moved to go into closed session for AFSCME Union Contract discussion. Seconded by Councilwoman Mills. A roll call vote was taken, motion carried unanimously.
 - Council, Sabolsky, Clerk Singles, Treasurer Blaskowski, and Executive Assistant Clear remained in the room during closed session.
 - Closed session was entered at 7:10pm.
- Mayor Pro Tem Mallory moved to reconvene. Seconded by Councilwoman Mills. Reconvened at 7:28pm. Motion carried unanimously.
- Consideration of AFSCME Union Contract.
 - Councilwoman Mills moved to authorize the City Manager to finalize the negotiations and sign the AFSCME Union Contract. Seconded by Councilwoman Darling. A roll call vote was taken, motion carried unanimously.

City Managers Report:

- Sabolsky reported he has a couple items regarding Cheboygan Housing Commission. Waiting on the survey from the Housing Commission. We received sample deeds from their attorney. Those two items will be used by Lindsay to draft quick claim deeds for the 3 housing complexes. Lindsay received a letter from the Housing Commission's attorney which has the HUD regulations in Michigan Code that deals with the transfer of real estate and the Declaration of Trust. In May, they did meet with HUD and Lindsay just got those documents last week and provided those to Sabolsky. The Housing Commission received copies as well. The Housing Commission and their attorney need to complete 6 steps to remove the Declaration of Trust so that the 'cloud' Sabolsky described would be removed from City Park, then the deeds could be filed and the property can be properly split. On Monday, Sabolsky held two meetings with the Housing Commission members to have discussions on where the City is at in the process.

Sabolsky did express that the Council supports the efforts of where the Housing Commission would like to go. We have some things that need to be taken care of first but there will not be a problem providing any support needed. Sabolsky also answered questions regarding tax credits and the proposed project and how that would work. Sabolsky called the State of Michigan and had a conversation with some people at MSHDA about low-income tax credits. Sabolsky discussed low-income tax credits to Council. Sabolsky also talked to the Housing Commission regarding the appointing authority for the commission. Through our ordinance, Sabolsky is the only person allowed to appoint to the Housing Commission. He asked for all applications be submitted to him.

- Regarding the fishing piers, construction will start in mid to late September. If they get done with another project, they may be here sooner. The project should be completed by winter.
- Sabolsky met with the two separate parties that own the three parts of K-Mart. They had some concern regarding property tax. Sabolsky told them as a City Manager, that is not something he can control. There is a formal process to go through with Board of Review. They were talking about some potential projects and working together to get those done. Sabolsky said that he will work with them. They stated they will not go forward with the projects until the issue of the taxes is resolved. Sabolsky stated he cannot just change their taxes; they need to go through the proper steps. Instead, hopefully they will follow through and then Sabolsky can discuss plans with them.
- Councilwoman Raab is wondering why they are asking about the taxes on the property now.
- Sabolsky described that there are 3 parts to the K-Mart building, the bookends and the middle part. For the bookends, Greg Elliott represents them and he came in front of board of review. He wanted the taxes lowered a substantial amount and at first, board of review agreed but then wanted evidence as to why Elliott was suggesting this number. The board of review request from Elliott was rejected. The man representing the middle was sent the application twice by our assessor and he never filed the paperwork. They have many ideas for projects.
- Regarding Cheboygan Estates, Sabolsky talked with those involved with Cheboygan Estates regarding needing a non-motorized transportation plan and how that can open up the possibility for grant funding for the Stempky-Loomis extension.
- Councilwoman Raab asked regarding Cheboygan Estates putting up more houses. Are they able to tap into the infrastructure they have there or do they need to wait 2-3 years to build more houses.
- Sabolsky said he found that Council approved them to build their little part but Council never approved the Stempky-Loomis Road extension because that requires road, water and sewer lines, drainage, purchase of an easement etc. One of the partners for Cheboygan Estates asked Sabolsky to find out how much this plan would cost because they may be able to contribute to the plan.
- EGLE released their Draft EGLE Clean Water State Revolving Fund Intended Use Plan. We are ranked #9 in their document. We may be getting a 2.1 million dollar grant to redo the water up on Court Street. It is a grant where we will not have to do any money matching and since we were saving up incase we received a grant that had a certain match amount, Sabolsky may come back to Council to get permission to take that money that was saved for grant matching to do more research and submit for more grants.

- Regarding the Zamboni, Sabolsky had a conference call with the Hockey Association and there was some good discussion. Coxe and Sabolsky have so far raised \$30,000 for the Zamboni.
- Mayor Tebo suggested contacting MBridge. Tebo said a few years back they purchased a 4X4 for Mackinaw City PD. They might be able to donate.
- A lot of the commitments they have received are over a 5-year span which is fine and the City will just bill them yearly.
- Mayor Pro Tem Mallory asked regarding the 2.1 million for Court Street; what does that entail?
- Sabolsky said that would involve tearing up the road, putting down the pavement, and new sewer lines and storm drainage. This will help us meet our EGLE consent order and becoming compliant.
- Sabolsky is getting estimates on Chillers for the ice rink. We think we can get a used one. Trying to get some final prices on it.

Public Comments:

- Connie Rieger told Council that last month they approved the Majestic Riverview Park mural and artist. She asked Council to go and vote for the grant through the Michigan Municipal League. Rieger also asked about the non-motorized transportation plan and if that would open the door for grants for seniors as well.
- Sabolsky stated it will open up a grant for the Stempky-Loomis extension but it will also help the DDA to receive grants and help Parks and Recreation to receive grants, etc. It's a very important document.
- Rieger voiced her support for the non-motorized transportation plan.

Committee Updates:

- Regarding the Housing Commission, Councilwoman Mills said that Dan spoke regarding majority of their meeting. Councilwoman Mills stated that the Housing Commission still does not have an acting director. The person out of the Traverse City agency will hopefully start in September. In regards to rehabbing the current housing, the rehabilitation will have to happen in small increments where the people occupying those homes will have to be relocated and then brought back after the rehabilitation has been done. Councilwoman Mills wanted to let Council know that the funding that the Housing Commission is looking for, the LIHTC (Low Income Housing Tax Credits) once the City signs over the quick claim deed to the Housing Commission, because of the tax credit that they are using, the clawback clause would not be effective and the City would not get this land back if something were to happen to HUD.
- Councilwoman Raab and Councilwoman Darling weren't sure what that meant.
- Sabolsky suggested a work session to better explain how housing tax credits work and the process.
- Councilwoman Raab expressed how important this project is.
- Sabolsky explained that right now those properties are secured by HUD funding. If something happens, they go back to HUD. With this new project, what they are doing is kind of devesting from HUD and moving these properties into a non-profit or limited liability partnership of some sort. So its actually its own entity. Once they do that, they will not get any more funding for that type of activity from HUD. Sabolsky explained it's like they are making a non-profit that is no

longer tied to HUD and no longer tied to the City and it is its own entity. If something happens to the entity, those tax credits cover them for 15 years that that property must remain affordable housing for 15 years. If it happens after the 15 years, it could be sold to anyone. In the first 15 years, if the entity is running into trouble, they can try to sell the entity to someone who is going to honor that it needs to remain affordable housing. If they can't do that, they can sell to HUD. If HUD cannot find someone to buy it, it can be sold to anyone for any price. Regarding what is the chance of default of the entity, Sabolsky can't answer that question. It has happened in the past, but it is probably a small margin. This is a good thing, but there are things that could go wrong and the City and Housing Commission has to be protected.

- Mayor Pro Tem Mallory said from what he is understanding, if it were to fall through, the City wouldn't have to worry about much necessarily but it could go to a bad landlord or something.
- Sabolsky stated yes, anyone could buy it.
- Councilwoman Raab voiced the importance of housing and how it is certainly needed.
- Sabolsky stated that he forgot to mention a few things. Sabolsky discussed Kortny Hahn our local reporter for the Cheboygan Tribune who recently was let go from the Tribune. Sabolsky and Council expressed their disappointment with the Tribune for doing so. Sabolsky is looking into ways to get the word out to citizens since Hahn is no longer there to report. Sabolsky expressed his gratitude for Hahn always being there to report on local matters.
- Mayor Tebo said that we should write a letter of concern to the Tribune and have Council sign.
- Sabolsky stated that we did not come to terms with one of the candidates for the Chief position. Another candidate, after doing a background check, was removed from consideration. For the time being Sabolsky is acting Chief by Michigan law. Sergeant White is handling the day-to-day affairs. All the officers and Sabolsky just had a meeting before the Council meeting. They did get them some new pants as well. Two officers have passed the interview process and background checks. Officer Joe Derry is retiring on September 9th. Brenda will be handling code issues/ordinance issues. Let Sabolsky know of any issues and he can forward those over to Brenda. Sabolsky touched on a few clean ups the parks and recreation crew has done such as the pocket park and near the bridge by Great Lakes Tissue.
- Sabolsky wanted to address some rumors he has heard around town. The Sheriff is not taking over the City Police Department. The other rumor Sabolsky wanted to address is that he is not moving back to Ohio.
- Councilwoman Darling asked regarding the Chief of Police position.
- Sabolsky said that the Sheriff's Department has worked with them to change some of the wording and description of the job and put their posting back out. We will interview and see what comes up. As we move along, we will come back to Council and discuss the Police and Fire Levy. We have to reinvent a Police Department and a Fire Department. Sabolsky and Council discussed the new Tahoe purchased for the Police Department. Sabolsky commented that the Sheriff and his team have been great through the process of finding a new Chief for the City.
- Councilwoman Mills asked regarding the line striping on Lincoln Street.
- Sabolsky said he will find out when they are doing that. He knows they got delayed but is unsure of when they will be doing the sealing and painting of the lines. Sabolsky discussed the reasons there has been delays.
- Mayor Pro Tem brought up painting the bridge.

- Sabolsky said him and Karmol have discussed painting the bridge or stripping it back down. Stripping down will be more expensive, but once the paint is stripped, they would be done. Painting it again is more expensive in the long haul.
- Councilwoman Raab explained how the bridge was not properly painted in the first place. Whoever did the painting did it wrong since they did not allow the cement to dry properly first before painting.

Messages and Communications from Mayor and Council Members:

- Councilwoman Darling stated that Bob Friday asked her to apologize to Council for his behavior at the last Council meeting. Councilwoman Darling also stated that something is seriously wrong because the air conditioning vent behind her was going on and off the whole meeting.

Adjournment:

- Mayor Pro Tem Mallory moved to adjourn the meeting at 8:25pm. Seconded by Councilwoman Darling. 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