

REGULAR CITY COUNCIL MEETING
July 12, 2016

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

Roll Call:

Present: Bronson, Temple, Riddle, Kwiatkowski and Lavender

Absent: King and Couture

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

Councilwoman Kwiatkowski led the Pledge of Allegiance to the Flag.

Approval of Agenda, and Receive and File all Communications:

Councilwoman Riddle moved to approve the Agenda, with Amended Unpaid Bills and Disbursement (7-B), and receive and file all communications; supported by Councilman Lavender. Motion carried unanimously.

Approval of Prior Meeting Minutes:

▪ **Special City Council/DDA Meeting Minutes – June 28, 2016.**

City Manager Eustice stated this meeting was with regards to the Main Street Program and the DDA has made a recommendation to Council to pursue the Main Street Program, which will appear on the July 26, 2016 Council Agenda. The application needs to be submitted by November for the 2017 year. He will have more information for Council. He stated the initial entry level has no cost involved, other than travel time for training.

Councilwoman Riddle moved to approve the Special City Council/DDA Meeting Minutes of June 28, 2016 as presented; supported by Councilman Temple. Motion carried unanimously.

Mayor Bronson relinquished the Chair in order to do his presentation to the Council. Mayor Bronson appointed Councilwoman Riddle to chair the meeting for this presentation.

Communications and Petitions:

▪ **Presentation of Cheboygan Area Public Library Millage Proposal on August 2, 2016 Ballot – Mark C. Bronson, Executive Director** - Mr. Mark Bronson, Executive Director of the Cheboygan Area Public Library, commented that the Library is now 10 years old, noting the dedication was in August 2006. Interim Chair Riddle stated this is a presentation of the Cheboygan Area Public Library Millage Proposal, which is to be on the August 2, 2016 ballot. Mr. Bronson stated he will also be talking on what has been happening in the last 10 years, noting there is an ice cream social on July 31 and everyone is invited. He presented Council with a sample of what the Library does, such as July programs, children's programs for July, and a flyer noting what has happened in the Library over the last 10 years. Mr. Bronson then gave a short synopsis as follows: in the last 10 years there have been over one million visitors; 750,000 books checked out; 340,000 internet uses (excluding Wi-Fi); book collections grew by 36%; lower level – 8,600 meetings, classes, programs with 142,000 people attending; they now have four meeting rooms, growing from the original one; and they are averaging

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over 1,000 meetings a year. In anticipation of the next 10 years, they started looking at what they want to expand and do with the facility and also look at what they are going to need to replace in 10 years, i.e. air conditioner, carpet, painting the building and new furniture. They have been bumping up the classes the Library offers. They are talking about having a STEM (science technology, engineering and math) program next summer. He has someone lined up to teach this in June, called a STEM Camp. He noted he gave Council a revenue print of the Library's budget, noting the problems and issues with property taxes. Mr. Bronson then explained the other major source for libraries are penal fines. If you get a speeding ticket in Michigan, a portion of the fine paid comes to the public libraries. When he started at the Library, they were getting a little over \$130,000 a year from the fines; this year on budget it is \$55,000. He is having to fill the almost \$80,000 gap every year. Interest on their accounts started out at \$36,000 and this year is just under \$1,000, which creates another big hole. After several meetings with his Board, the Board decided that we would try and ask for additional money. We are asking for ½ mill on the August 2, 2016 ballot. With that, they are looking at expanding hours to later in the evening (7 days per week) and offering adult education or lifelong learning classes (school system does not offer this anymore). The .5 mills for the Library would generate about \$275,000.00, with about 3% of that captured by the DDA and other tax capture. Besides looking at expanding services, they will also be building a sinking fund for the things they know they are going to have to replace in 10 years. He then asked for questions.

Mr. Ray Lofgren asked if the Council has to approve the millage to go on the ballot. City Manager Eustice replied no. Mr. Bronson explained that the City is one of the entities that form the District, along with several townships, adding he has been doing the presentation at township meetings, too. City Manager Eustice commented it appears with the interest on the cash reserve, the Library must be spending down the cash reserves over the past 10 years. Mr. Bronson replied yes, stating since 2009 they have had to supplement the annual budget from their fund balance and were still doing okay. Looking at the future they cannot keep doing that particularly with the penal fine hole, which is hard for them to fill. Councilman Temple questioned how the DDA captures funds from the Library. Mr. Bronson stated the DDA captures anything that has grown since 1986 in the DDA area. Any new taxes don't come to the Library as they go to the DDA. He noted there is also a DDA in Inverness Township from the City limits to the M-33 Junction that also captures monies. He noted the Library got no benefit from the new Fernelius site, stating it all went to the Inverness Township DDA. Councilwoman Riddle stated the ½ mill will affect the businesses in the downtown district. Mr. Bronson stated the DDAs will benefit if they can get the millage passed, as they will get a portion of the additional millage. City Manager Eustice stated the same thing happened with the 1 mill Cheboygan County Road Millage; the City of Cheboygan gets 1 mill on the taxable value of the City, but the DDA captures a percentage of that. They are capturing about \$7,000 of road millage funding. Mr. Bronson commented this is how DDAs are funded. Clerk/Treasurer Kwiatkowski asked Mr. Bronson if it passes, will it appear on the December tax bill. Mr. Bronson stated there is enough time for the Library to have another budget hearing in August and then time to submit the forms to the County so it goes on the winter taxes.

Mayor Bronson stepped back into the meeting.

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Bills and Disbursements:

▪ **Prepaid Bills and Disbursements for the Month of June 2016.**

Mayor Bronson questioned the payment of \$2,508.50 to Nantz PLLC. Clerk/Treasurer Kwiatkowski stated the City had not received a bill from Mr. Nantz in almost two years, but he knew there was one out there and we finally got it. There were services in early 2015 and 2016. He checked this billing against the other bills received to that point and these were calls made to Mr. Nantz by Council, the City Manager and himself, which pertained to the last City Manager.

Mr. Ray Lofgren inquired on the expense for Spierling Trucking & Excavating for the E. State Street patch in the amount of \$4,500.00. City Manager Eustice explained there was a watermain break across from the Marathon Gas Station. Mr. Lofgren stated he thought the City crew fixed it. City Manager Eustice stated the City fixed the watermain break last fall. Mr. Lofgren commented he does not understand why this was not bid out due to the size of the bill, or why the City did not finish doing it because it was not very large. City Manager Eustice replied there were some issues with the patch, as water, other than the leak, was getting into the hole so they had to bring in additional fill. Mr. Lofgren stated it was filled and capped by the City crew quite often during the winter, and then it laid there 2 or 3 months. His point is \$4,500.00, with the City crew doing most of it, and with all the equipment we have why the City couldn't finish it. City Manager Eustice stated the City could not asphalt it. Mr. Lofgren then stated there is another bill for Xtreme for about the same amount of money. City Manager Eustice stated this was for multiple patches. Mr. Lofgren stated he understands that, which is why he is pointed Spierling out to Council. He stated it doesn't add up dollar wise. City Manager Eustice commented it was pretty costly. Mr. Lofgren then mentioned the \$40,000.00 round figure regarding the sludge from the sewer plant. That is way in advance and could have been bid out or could have been put on the farmers' fields or their field at almost no cost to the City. He then stated he feels Xtreme could have done the patching on E. State Street for less than \$1,000.00. Mr. Lofgren then questioned the payment to Elmer's Crane and Dozer for \$7,341.00 for hydrant replacement. He noted that Bryan Lofgren had a bid into the City for \$1,000.00 per hydrant. Clerk/Treasurer Kwiatkowski commented the City was reimbursed through insurance for this. City Manager Eustice stated this was the result of an accident and there was quite a bit of damage done. City Manager Eustice and Clerk/Treasurer Kwiatkowski both stated that Mr. Bryan Lofgren had several opportunities to do work for the City, but every time DPW Director called him over a period of two or three weeks he said he could not do it. Mr. Lofgren stated he spoke with DPW Director Karmol on this and it was only done the last day or the insurance company was not going to reimburse. He then stated what he is trying to say to the Council is that we have a lot of equipment, which the taxpayers are paying for, and there is a lot of equipment that could be used that is not. Mr. Lofgren then asked, with regards to the legal service payment to Johnson, Rosati, Schultz & Joppich, if anyone has a running total on the legal for the Port. Clerk/Treasurer Kwiatkowski stated it is \$45,000.00. Mr. Lofgren commented he is thinking in another two years the City of Cheboygan is not going to be able to afford the Port or the legal fees that we have been paying for, noting we are not receiving nothing out of it.

Mr. Lofgren commented that Durocher Dock & Dredge over the last 40 years has done a wonderful job on any freighter that has wanted to come into the Cheboygan Port. He then stated we are just not wealthy enough to afford the Port, or to run it, or to build it, and the funds, that the City does not have, to pay these bills are going to catch up to us pretty quick.

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Councilwoman Riddle asked Mr. Lofgren if he filled out the paperwork for being able to receive any sludge. Mr. Lofgren replied he would just as soon address this at another time, noting it was stopped before. He personally had done it and then it was stopped.

Councilwoman Riddle asked Clerk/Treasurer Kwiatkowski if she heard correctly that Mr. Bryan Lofgren was contacted on a number of occasions to possibly do the work on the hydrants. Clerk/Treasurer Kwiatkowski answered there have been a couple of hydrant replacements that DPW Director Karmol has said he contacted him on, but Mr. Bryan Lofgren had other work and could not get to them.

Mr. Ray Lofgren commented he does not think it is Clerk/Treasurer Kwiatkowski's job to be talking with DPW Director Karmol. He then stated Clerk/Treasurer Kwiatkowski has interrupted him before and he is telling him again if he has something to say then he needs to say it to him. City Manager Eustice told Mr. Lofgren he thinks what Clerk/Treasurer Kwiatkowski said was fine. Mr. Lofgren stated he cannot talk when both the City Manager and Clerk/Treasurer are laughing or talking. He then continued saying he gave DPW Director Karmol his telephone number to contact because maybe Mr. Bryan Lofgren is in an area where he can't take a call or come down at the last minute. He also stated that the City had one or two days to do this fire hydrant and Mr. Bryan Lofgren was called the second day. The hydrant was an accident that happened two months prior to the second day that it had to be done. It is hearsay that the insurance company wasn't going to pay the bill to the City of Cheboygan. Mr. Lofgren then stated five days goes by pretty quick and if we are talking two months or two years on the sludge to get is hauled, that is not a lot of time for somebody to do paperwork, or for somebody to put it in their program or schedule. When he heard about the fire hydrant, he called and spoke to Bryan and Bryan said they had to have it done that next day per DPW Director Karmol. Maybe the hydrant doesn't matter to the Council or taxpayers because it is paid by the insurance company, but it didn't have to wait until the last day or 48 hours.

Councilwoman Riddle moved to approve the prepaid bills and disbursements for the month of June 2016 in the amount of \$418,310.09; supported by Councilman Lavender. A roll call vote was taken; motion carried unanimously.

▪ **Unpaid Bills and Disbursements for the Month of June 2016.**

Clerk/treasurer Kwiatkowski with regard to item no. 30, Quill, he added two June invoices and item no. 37, Taylor Power & Supply, he added the invoice that arrived yesterday.

An audience member inquired on the bill from Tri-Tech Manufacturing for ditch mower parts in the amount of \$3,066.00. Clerk/Treasurer Kwiatkowski replied the City has a large tractor that does all the ditching and they ordered parts for the mower.

Councilman Lavender moved to approve the unpaid bills and disbursements for the month of June 2016 in the amount of \$53,650.00; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

Department, Board and Commission Reports:

▪ **Planning Commission Meeting, June 20, 2016** – City Manager Eustice stated Commissioner Granger and he met after the Planning Commission meeting to finalize the draft of the Zoning Ordinance. They are going to make edits themselves and get it back to Mr. Dick Carlisle for the final

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approval. Hopefully, they will be getting this to the Council the first meeting in August. There were some changes that needed to be made that were not as detailed as originally thought, so he and Commissioner Granger met and went through the entire Ordinance and did all the edits, which were all minor. Councilwoman Riddle stated she was a little confused in reading the Planning Commission minutes, asking who was elected Chairperson and Vice-Chairperson. City Manager Eustice stated Jim Granger is Chairperson and Billie Livingston is Vice-Chair. Councilwoman Riddle stated it does not show the Billie Livingston is Vice-Chairperson. Mayor Bronson asked if another member is still needed on the Planning Commission. City Manager Eustice replied we have seven members now, until or unless Christine King resigns. Mr. Jon Schulz was added recently. Councilwoman Riddle asked if Mr. Kopernik is Secretary. City Manager Eustice replied yes.

General Business:

▪ **Consideration of 2016 Animal Control Appropriation to Cheboygan County Humane Society -** City Manager Eustice stated this is for the City's annual appropriation and apologized for not putting a memo with this. He is 50/50 on his opinion of how to approach this. The City has in the past donated as much as \$5,000.00 to the Humane Society, which was reduced to \$3,000.00 a few years ago. We still are the largest contributor as far as Townships and Cities are concerned and contributed \$3,000.00 last year. The Humane Society is asking us to increase that amount to \$5,000.00. City Manager Eustice went on to state they do provide a great service for us and 23% of the calls come from the City of Cheboygan, which is mainly because we are in an urban setting compared to the Townships. He noted we do some of our own animal control when we can, i.e, picking up stray dogs and finding the owners without having to call the Sheriff's Department. He thinks many of the calls come from the property owners. City Manager Eustice stated it is his opinion that \$3,000.00 is adequate and our taxpayers pay 5.65 mills to the County from our General Fund Budget to help pay for these type of services, i.e. animal control and sheriff's department.

Councilwoman Riddle stated we have a lot houses but are only in an 8 square mile area, so in proximity and expense of the call for Animal Control to get here is a major thing for her, wherein the different Townships they cover a larger area which makes the expense of each one of those calls greater. The City taxpayers are also paying the 5.65 mills to the County for services. Mayor Bronson stated when the City lowered their annual fee to \$3,000.00 part of it was in reaction to some of the Townships not paying anything and it appears all Townships are now making sort of payment. The other thought the Mayor had was that in the City we are not dealing with large animals and outside the City they are dealing with all, and imagines these are more expensive calls, and does not think one can compare. City Manager Eustice stated his recommendation is to remain at \$3,000.00.

Councilman Lavender moved to approve the 2016 Animal Control appropriation to the Cheboygan County Humane Society in the amount of \$3,000.00; supported by Councilman Temple. A rollcall vote was taken; motion carried unanimously.

Public Comments:

Blight Issue: Mr. Ray Lofgren commended the Council for the interruption on the blight issue the last three meetings and wanted to say he is a little perplexed on the Planning Commission appointment of Billie Livingston because the Planning Commission makes recommendations to Council for our ordinances. He questioned what goes into the Planning. He went on to state she is complaining about the blight and sitting on the Planning Commission and doesn't understand the duties. Councilwoman Riddle stated she believes Mr. Lofgren is thinking wrong, because Billie Livingston is actively on a

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number of Boards (DDA, Planning and Zoning Board of Appeals) and very active in the community and does a stellar job. When it affects your pocket book you look at it differently, but it does not affect how you deal with the situation as a whole. Mr. Lofgren stated he is confused what Commission establishes in the start, and in this case the blight. Where do they get established from? Councilman Lavender replied they get recommended to the City Council by the Planning Commission and the City Council approves ordinances. Mr. Lofgren stated this is what he is perplexed about is that the Planning Commission would set the rules and commends the Mayor for telling Mr. Martinchek not to point to the Chief, as he is enforcing those ordinances. If someone sitting on the Planning Commission doesn't understand what the ordinance is they should read the book. He commented he thinks the Council handled the blight professionally and those rules are set for the good of this City, whether or not they are good business people or not; he is not objecting to that issue. He has two or three issues on the blight and is taking care of them so the citizens can be proud of their community. Mr. Lofgren stated if he had a rental and can't make any money, he is not going to have that two or three years down the road. That's a simple good business decision. He doesn't think it's right for 40 or 50 people to show up and start discriminating and banging the heads of Council.

City Clerk/Treasurer's Comments:

- **Fiscal Year Close-Out/Audit** – Clerk/Treasurer Kwiatkowski informed Council he just closed out the fiscal year and will now spend the next two months finalizing everything; the audit is going to be in October.
- **Petitions for Mayor and City Council** – Clerk/Treasurer Kwiatkowski stated the final day Petitions can be turned in for Mayor and City Council is July 21, 2016 at the end of the business day. In addition to the Mayor's seat being up, we have Councilman Temple, Councilman King and Councilman Couture. He is hoping to have something the newspaper. Councilwoman Riddle inquired as to any petitions being turned in. Clerk/Treasurer Kwiatkowski replied no, but there has been three people that have taken them out so far for Council and one for Mayor.

City Manager's Report:

- **Former West Side School** – City Manager Eustice informed Council that Mr. Bob Ulrich is here, stating he had a conversation with him yesterday regarding some of the interest that his organization has in the West Side School. His organization, Cheboygan Compassionate Ministries, would like to buy the building and house some ministerial services in the building. City Manager Eustice stated because it is church related it doesn't need to be rezoned because churches and schools are exempt from local zoning ordinances. It is still on the bubble as to whether all of it will be church related, but believes it is. Councilwoman Riddle inquired if the playground equipment at West Side School was donated by a service organization or was it purchased by the school system. City Manager Eustice stated the school system still owns it, but the City has the first rights to any of the equipment, but the school system wants to move two pieces of the equipment to East Side School. Councilwoman Riddle suggested moving some of the equipment to Project Playland. City Manager Eustice informed Council the City took two pieces of equipment out of Project Playland yesterday. It is certainly a thought. He then stated he has had conversation with former School Superintendent Mark Dombroski about keeping it as a park because the park is well-used, mentioning having to split off property to make it a City-owned park, etc. He went on to state the school would give the City the equipment, other than two pieces they want at East Side, if the City will move those two pieces to East Side School. Councilwoman Riddle asked if there is still equipment at Black River. Mayor Bronson stated most of that equipment was moved to Inverness. Councilwoman Riddle commented it would nice to

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pull the playground equipment from these various areas to place in Project Playland because a lot of people utilize it and we want to fill in some of the holes that are being created by aging equipment.

Mr. Bob Ulrich introduced himself, stating he is a Board Member and Treasurer of Cheboygan Compassionate Ministries. They are the Lord's Kitchen located in the basement of the St. Charles Church along with a laundry for people and the annual backpack program. He stated the building they are currently in is very, very, very old and the condition of the building is not good, noting the roof leaks. People come in on a daily basis, Monday through Friday, and they feed them. Mr. Steve Sweet is the manager of the facility and last year they fed 10,000 meals. When he met with Mr. Sweet a couple of weeks ago they both had the same idea of moving out of the building looking at West Side School. They both thought the school would be a wonderful place for a community resource center to be able to house multiple ministries that are part of churches in our community. Also, there are people that would like a building to be able to carry out their ministry. For example, likely users could be the Lord's Kitchen, St. Thomas Food Pantry, and Living Waters and Elpis House. Both the Living Waters and Elpis House will need temporary living quarters. The building would have to be modified somehow in order to have some place for people to spend the night or a week. He noted there was an article in the newspaper in February on Elpis House, which is for single moms that need some guidance, help and a place to stay. Other users possibly would be the Salvation Army youth ministry and a temporary facility for the Church of the Nazarene, in addition to the Crisis Pregnancy Center, MOPS and the local free clinic. He went on to state the more he talks to people, more ideas come up. They are here asking the City for support and they need assurance that they would be able to use the facility as it is zoned before they even look for financing and approaching the Board of Education. They are also asking for the City to give them guidance from time to time on how to fix this or change that to accommodate whatever changes they need to make to the building. Perhaps some hands on for outside maintenance for cutting grass or shoveling snow. They are looking at this as a resource center as there is a lot of potential. They need to make sure the zoning is okay to pursue their vision. Mr. Ulrich asked if this is something the Council can support. Councilwoman Riddle stated she thinks this is a good idea as it is a single story and you don't have a lot of heat raising up to higher levels, knowing the old Catholic High School housed a lot of uses mentioned and some others not mentioned. She stated that being able to maintain the building is real important. Mr. Ulrich stated there is going to be a lot of work ahead of them as far as finding grants to help pay for the facility and convincing the hierarchy of the Church of the Nazarene for their approval for them to move forward with this, as with St. Thomas Food Pantry. This would be a great opportunity for the Pantry to move as they are bursting at the seams. He thinks this building would be a wonderful opportunity for this community. Councilwoman Riddle asked if the kitchen is up to spec for having the Lord's Kitchen. Mr. Ulrich stated the Lord's Kitchen bought some of the kitchen equipment from the school, but would refer to Mr. Sweet. Mr. Sweet stated the kitchen would be more than sufficient with the amount of people they feed on a daily basis does not exceed the number an elementary school fed on their daily basis. The school kitchen is better set up for health and sanitation. Mr. Ulrich commented the Lord's Kitchen feeds from 40 to 50 people per day on an average day.

Mayor Bronson stated a clear picture of the kinds of things that will be in the school building will make it easier for City Manager Eustice and the Planning Commission and Council to determine if it's going to work. He referred to not only day time but night time. It can then be determined by the City Manager what fits and what may not. Mr. Sweet stated there are homeless people in Cheboygan and in the wintertime it is not uncommon for him to walk over to the church and find people sleeping under the exhaust vent of the kitchen trying to stay warm. They are not talking about housing people in a

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long-term setting. What they are talking about are women who are pregnant, have a child and don't know where to go. How do you solve that situation without taking care of the physical need, i.e. a roof over one's head? Those are the types of organizations they are thinking about putting in the school building, which would be all ministerial based and education based program where we take care of the physical needs first so that they can then go on to help these people become "productive citizens". There would be legitimate oversight, as there are people with counseling degrees, education degrees and special education degrees that are willing to step up and take a leadership role and support the ministerial organizations that do come in. Mayor Bronson stated he sees people in the Library all the time that are just looking for a place to get warm and stay as long as they can. Mr. Sweet mentioned the kitchen due to plumbing issues was closed for two months, so they fed 10,000 people in a 10-month period. Luckily this happened in the spring, late fall to where people were able to compensate and go other places. Although we open the doors to serve lunch until noon, we have upward of 30 people there at 9:00 in the morning trying to stay warm. Straits Area Services comes so their people can mingle with other people. He would invite the Council to come and see exactly what they are doing. The "average joes" know just how far some of the people in Cheboygan have fallen and those are the guys we are trying to lift up and support. Monday through Friday at noon Council is welcome to come over and have lunch with them and see the operations. Mr. Ulrich stated he welcomes telephone calls, noting his number is on the handout he provided.

▪ **July Board of Review** – City Manager Eustice reminded the Council the July Board of Review is Tuesday, July 19 at 5:15 p.m. He stated it should be about a 45 minute meeting.

▪ **Port Land Contract Amortization Schedule** – City Manager Eustice stated he provided for information only, an amortization schedule on the land contract for the Port of Cheboygan land purchase. We owe on the Land Contract as of June 1, \$447,599.47. Certainly the Ryba sale, which netted \$218,769.00 was a big help in paying down the principal. We also make a \$2,866.91 payment monthly, which about \$1,100.00 goes to the principal of the land contract. This is how we are getting it paid down from the original \$680,000.00 land contract.

▪ **Kokosing/Port Property** – City Manager Eustice stated they are diligently working with Kokosing to purchase some of the Port property. There is a port operation draft agreement in place now and Steve Joppich, City Attorney, is reviewing it. He will be having a conversation later in the week, Wednesday or Thursday, with Attorney Joppich, to prepare a proposed counter-offer to Kokosing to include the port operation agreement. It will be taken to the Port Commission first to get their recommendation to bring to Council. City Manager Eustice noted there was no quorum on July 6th for the Port Commission meeting, so it was cancelled. He will try and schedule a meeting within the next couple of weeks in the month of July. Kokosing is also reviewing the port operation agreement. He is hoping to make a reasonable counter-offer to Kokosing that he really believes will nearly satisfy the rest of the principal on the land contract. They did offer \$380,000.00 for 760 feet, which is a little under market value and feels we can counter-offer a little more reasonable. Kokosing right now has all the licensing and facility security plan in place to ship and receive, both domestically and internationally. They really have a port right now that we can ship and receive out of. The City's Port Commission and Port Action Team, led by Mark Lorenz, is prepared to go out and attract industrial investors here. We want to be certain that we can tell them we have an operable Port to ship and receive out of and long-term. Part of the port operation agreement is that we want a guarantee that Kokosing will provide those shipping and receiving opportunities forever basically, or someone will. Councilman Temple asked if the City will have enough property left to sell to satisfy the down payment we took out of the General Fund and the attorney fees. City Manager Eustice replied we should and thinks we should be able to recover all of that. U.S. Fish and Wildlife has some interest in the property we have left and Ryba Marine has interest in expanding even further from what they

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bought and the Conservancy is going to buy the wetlands on the east side. We will probably not going to net more than \$100,000.00 on the sale to the Conservancy, but it's going to help. City Manager Eustice noted the City is going to keep the uplands, about 13 acres, because we want to get the second icebreaker, although it hasn't been approved yet from the Federal Government. We are certainly making a pitch to get the second icebreaker here. The 13 acres is adjacent to the Coast Guard Station that they may be able to use to develop even further. Councilwoman Kwiatkowski asked if not having a hospital is going to affect that. City Manager Eustice replied no, it doesn't seem so at this point and thinks they are satisfied with what we have here currently. Councilwoman Riddle asked if we are getting the rental funds from the boats that are renting property and if that money is going toward the principal. City Manager Eustice replied yes. Clerk/Treasurer Kwiatkowski stated 100% of the rental fees are now going toward the debt service. City Manager Eustice stated the original agreement was that 50% of the rentals had to go toward the principal of the land contract, until there was a sale of at least \$100,000.00, which occurred with the sale to Ryba. Now the rental monies that we get in, we can choose what to do with those, i.e. put in the General Fund or pay the principal of the land contract. Councilwoman Riddle expressed the need to get the land contract taken care of. Councilman Lavender asked City Manager Eustice if long term he is planning on using Attorney Joppich. City Manager Eustice stated, in his opinion, up until we get the Kokosing deal done. After that we will no longer need his services, which will save us money, as well. He is concerned because Attorney Joppich has a legal opinion on how we can sell these properties without auctioning them, so we are kind of riding on his back to get us through that part of the process. Clerk/Treasurer Kwiatkowski commented as far as the General Fund goes, he kept a spreadsheet on Excel from day one and can tell Council right now to the penny how much money has come out the General Fund for everything. As property is sold he will be able to see what is being reimbursed and where we end up when this is all over. Councilwoman Kwiatkowski asked if the Port Commission is waiting for the sale to Kokosing before they go out to get industry to come in and let people know we are here. City Manager Eustice replied they are actually just waiting for Kokosing to approve the port operation agreement so there is a guarantee that we can market that we have an active port here. Councilman Lavender asked when the City Manager anticipates the counter-offer coming in front of Council. City Manager Eustice replied he does not know if he can get it done for the July 26th meeting, as he is hoping to have a Port Commission meeting before the July 26 Council meeting. He stated part of the issue is coming up with a figure for the counter-offer, not just the port operation agreement. Councilwoman Riddle asked when and if the property is sold to Kokosing if we will no longer be renting or leasing to boats. City Manager Eustice stated part of Kokosing's rental would be property they would buy. We do have Mr. Al LeBlance that rents further south of this property and Ryba Marine may rent, also. Councilwoman Kwiatkowski commented the whole idea is to get the tax base up. City Manager Eustice stated Ryba is currently developing the property they purchased, so any improvements they make will go on the tax roll next year, which is helpful. Councilwoman Riddle stated but again it is all part of the DDA. City Manager Eustice replied yes, the DDA will capture a good part of it, but that may be something as the DDA improves they are going to have to provide other services possibly, like a police officer or sidewalks for the DDA. Mr. Ray Lofgren inquired as to the boundary lines of the DDA. Mayor Bronson answered it goes all the way to the County Marina/City Beach, only on the west side of the River. Councilwoman Riddle added there is a little bit of the east side and the Major City Park in the DDA District.

▪ **Rental Registration Ordinance** – City Manager Eustice stated the Blight Committee and Mr. Jim Conboy have developed a Rental Registration Ordinance that City Attorney Stephen Lindsay has reviewed and has opinions on the same. At this point we do not know whether there will be a fee or not. The Blight Committee will try and meet next week, with Billie Livingston as a member being out

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of town until July 18. They will look at the opinions of City Attorney Lindsay on the Ordinance. As Mr. Conboy stated, we may not be ready with this until the fall as there is perhaps a lot of conversation that needs to take place yet. If not, as Chief Jones said there are a lot of ordinances on the books, let's enforce them, and write tickets.

▪ **Cheboygan Yacht Club** – City Manager Eustice informed Council he was approached by Robert Falk, of the Cheboygan Yacht Club. The Yacht Club is about a 100 member Club and they don't have any property. They are at a point where they have some financial strength where they could either buy property or lease City land, as they want to be within the City of Cheboygan and preferably north of the dam. Mr. Falk spoke to him on the Port property, but a Yacht Club would not fit on the Port property. There is not a lot of other private property. Mr. Falk did ask him about Major City Park, which could or could not be a fit. If we could lease them City property, they would put up about a 4,000 square foot building with a conference room they could lease out to other organizations, and at least 50 parking spaces. They want to be on the River but they are not going to have dockage; they just want to be on waterfront. City Manager Eustice went on to state he looked at a couple different options in Major City Park, pointing out the location of the properties noting they would have to pay property taxes. Councilwoman Riddle says when you say yacht Club she thinks of sailboats. City Manager Eustice replied a lot of them are sailors. Councilwoman Riddle stressed the importance of limiting the ability of boat dockage for the Club. She then asked if the DNR wants to stay in their location. City Manager Eustice replied as far as he knows, noting the property is narrow. Councilman Lavender commented we really don't have any major plans for that area of the Major City Park right now and thinks it would be a great addition, but the only thing is to reserve some type of ingress and egress for pathways along the River, so it is not prohibited. He would hate to see it fenced off and private. Mayor Bronson stated a walkway all the way through there has been talked about from the DNR property all the way to Lincoln Avenue. Mayor Bronson stated he would like to see an overlay, noting an encroachment on the ballfields would be an issue. He then stated it is worth looking at further. City Manager Eustice said that Mr. Falk was going to take the options back to his Board. Councilwoman Riddle asked if that area of the River is shallow. City Manager Eustice replied yes; it is only about eight or nine 9 feet. Mayor Bronson stated to inform them the Council did not say no. City Manager Eustice said we should have a preliminary idea, which would have to go to the Planning Commission for approval. Mayor Bronson commented this would be selling public property. City Manager Eustice stated we would not be selling the property as we would be leasing them the land and then they would put a building on the land which would be taxable as an improvement on leased land. Councilman Lavender commented on communities having Yacht Clubs and a meeting space.

Messages and Communications from Mayor Pro Tem and Council Members:

▪ **DPW Crew** - Councilman Temple asked the City Manager if we try and get our City crew to do a little more of their own work, noting he has spoken to him on this before. He then stated he feels we are spending way too much money and does not think there is any reason we cannot do more of the work. City Manager Eustice replied he has had some conversation with DPW Director Karmol and will certainly talk to him again to see how he can better schedule. Councilman Temple commented that he believes it was last year the City paid out \$70,000.00 for work. City Manager Eustice stated some of the work with X-Treme is asphalt work that we don't have the ability to do. Councilman Temple stated he sees no reason we cannot cut and prep for the patchwork. City Manager Eustice informed Clerk/Treasurer Kwiatkowski they will look at this to see what the costs are and do a comparison.

▪ **Armory Building** – Councilwoman Riddle inquired about the status of the Armory Building on Cuyler Street. City Manager Eustice stated there is an Army Reserve Organization in the Detroit area

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that’s likely going to purchase it, although he cannot verify that right now. He noted they work very much like the National Guard. They are a 64 unit Army Reserve team and would have a three member staff. It would then be rentable again like it used to be. They also do maneuvers, noting this unit is a little bit smaller from the 120 members. There would be equipment here. City Manager Eustice stated this is not definite, but he has had conversations with the Army National Guard General. He then stated some older citizens called him and said that property is going to revert back to the City if the National Guard disbands, but he did research on this and that is not the case. Attorney Chris Lindsay wrote him a letter and his father, Francis Lindsay, was instrumental in building the National Guard building in Cheboygan and he has information where that might be a possibility that the City has some interest in it. Apparently the City donated a significant amount of money to help build that facility. He and Attorney Chris Lindsay are going to try and do more investigation on that.

Adjournment:

Councilman Temple moved to adjourn the meeting at 8:36 p.m.; supported by Councilman Lavender. Motion carried unanimously.

Mayor Mark C. Bronson

Clerk/Treasurer Kenneth J. Kwiatkowski

Councilman Joseph Lavender

Councilwoman Winifred L. Riddle

Councilman Vaughn Temple

Councilman Nathan H. King

Mayor Pro Tem Nicholas C. Couture

Councilwoman Betty A. Kwiatkowski