

REGULAR CITY COUNCIL MEETING
August 23, 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: Couture, Kwiatkowski, Lavender, Bronson, Temple, King and Riddle

Councilwoman Riddle led the Pledge of Allegiance to the Flag.

Approval of Agenda, and Receive and File all Communications:

Mayor Bronson stated there is one addition to the Agenda 7-B: Consideration of Appointment of Councilman Joseph Lavender to the CCE 911 Board.

Councilwoman Riddle moved to approve the Agenda, as Amended with the addition of 7-B, Consideration of Appointment of Councilman Joseph Lavender to the CCE 911 Board, and receive and file all communications; supported by Councilman King. Motion carried unanimously.

Approval of City Council Meeting Minutes – July 26, 2016:

Councilman Lavender moved to approve the City Council Meeting Minutes of July 26, 2016 as presented; supported by Councilman Temple. Motion carried unanimously.

Approval of City Council Meeting Minutes – August 9, 2016:

Councilman King moved to approve the City Council Meeting Minutes of August 9, 2016 as presented; supported by Councilwoman Kwiatkowski. Motion carried unanimously.

Department, Board and Commission Reports:

- **Department of Public Safety Monthly Statistics, July 2016.** (Received and filed.)

Resolutions:

- **Resolution of Support for the Watermain Extension for the Meijer's Project -**

Mayor Bronson read the Resolution, as follows, into the record:

City of Cheboygan
City Council

Resolution Supporting the Meijer Retail Store Project in

Inverness Township and Cooperative Support to Provide Water to the Meijer Proposed Site

Between Inverness Township, the US 27 DDA, and the City of Cheboygan

WHEREAS, The City of Cheboygan has a municipal water treatment facility and supply; and
WHEREAS, Meijer Incorporated has purchased property in an adjacent township to the City of Cheboygan, which is Inverness Township; and
WHEREAS, Meijer Incorporated needs a municipal water supply to build a retail store on their purchased property, which the City of Cheboygan has the capabilities to supply; and
WHEREAS, the City of Cheboygan has committed to supply water to the Meijer retail store project; and
WHEREAS, the City of Cheboygan, Inverness Township and the US 27 Downtown Development Authority are working diligently and cooperating to provide water to the Meijer retail site; and

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WHEREAS, the Meijer retail store project will be an economic benefit to the aforementioned entities, as well as the County of Cheboygan and the Cheboygan Area Schools;

NOW, THEREFORE, BE IT RESOLVED THAT, that the Cheboygan City Council agrees to participate and cooperate with Meijer Incorporated, Inverness Township and the US 27 Downtown Development Authority to collectively supply water to the Meijer retail store project site, which will be an economic benefit for Cheboygan County.

Mayor Bronson commented this an official notice from the City to Meijer that we will supply water. City Manager Eustice stated if Council adopts the Resolution, he will then talk about what they are working on and what has been done in the last few days.

Councilwoman Kwiatkowski moved to adopt the Resolution of Support for the Watermain Extension for the Meijer's Project; supported by Councilman Lavender. A roll call vote was taken; motion carried unanimously.

General Business:

▪ **Consideration of Appointment to the CCE 911 Board** – Mayor Bronson asked Councilman Lavender if he has attended any meetings. Councilman Lavender replied he attended the August meeting.

Mayor Pro Tem Couture moved to appoint Councilman Joseph Lavender to the CCE 911 Board; supported by Councilwoman Kwiatkowski. Motion carried unanimously.

Public Comments:

Mayor Bronson commented he knows several people in the audience are in attendance to talk about food trucks; however, the City does not have anything on the Agenda tonight. He added the City Manager was instructed by Council to investigate and make recommendations in the future on food trucks, selling from carts and the Farmers' Market on how to handle these in the City.

Mr. Eric Wheeler of Moulder's Mobile Mouthfuls introduced himself stating they are here to come to some agreement and they are willing to work with Council and the business owners on Main Street.

Mr. Andrew Kosack of Duke' Dogs introduced himself and offered his services if he can be of any help at all trying to put together a workable plan between the City and the vendors.

Mr. Greg Bock, Business Manager for the Salvation Army of Cheboygan County, introduced himself stating for 127 years the Salvation Army has existed in Cheboygan County. It is hard to find any other business in town that has been as supportive to the Salvation Army as Duke's Dogs. Whether it is feeding the staff or feeding someone who has not eaten. It is hard to find a business that will come alongside a help agency like the Salvation Army and support wholeheartedly their mission of doing the most good wherever they are. Mr. Bock then stated on behalf of the one of the local businesses, they have no issue with Andrew being in their lot who has all the certificates and insurance required to be there. He leaves it cleaner when he leaves then how he found it. The business that he has brought into the Salvation Army Thrift Store has gone up. Mr. Bock then spoke on how he takes people who are visiting him at the local Salvation Army to Duke's Dogs because of his generosity, kindness and willingness to give back to the community and is behind him 100%.

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The owner of West Coast Tacos introduced herself stating they are willing to work with all the businesses.

Ms. Lynn Hall introduced herself as a citizen who lives downtown stating there is almost like a hand trying to put down these people that are trying to make a living who are offering quality products. She does not see what the problem is. There is a vendor right outside her window who is quiet and cleans up his mess when he's done and doesn't bother her at all. She thinks it brings people downtown. Ms. Hall went on to state she is really perplexed as to why this is an issue and is supportive of the vendors.

Ms. Billie Livingston introduced herself stating she is in support of the food trucks and feels they add some flavor to Cheboygan, but there have been some issues going on that others don't know about with some of the businesses. She would not want those issues, such as coming in to use the bathroom, using paper towels and harassing customers; so she is in favor of the food trucks and maybe some of them need to be regulated a little bit more or moved away from a business door. She then stated Mr. Kosack has been so supportive of the community, the Salvation Army and the Humane Society and is a great asset, as probably the other food trucks are, too. If the food trucks are going to be causing problems with business then something needs to be done.

Main Street Program - Ms. Billie Livingston went on to state she was very disappointed that City Council tabled the Main Street Program. They were all invited to the meeting when it was presented to us. It would be a great asset to the community. We can't have the community support if we don't have City Council supporting it. She will go out and get the signatures from all the businesses stating they support the Main Street Program, but they need Council to approve it and jump on board first. She is hoping when it comes back up that Council will reconsider and possibly look at adopting it because it is going to help Cheboygan a great deal.

City Clerk/Treasurer's Comments:

- **BS&A Upgrades** - Clerk/Treasurer Kwiatkowski stated they are working with BS&A, our software provider for 11 years now (general ledger, tax, accounts payable, accounts receivable, cash receipting and utility billing), as they no longer support what is called Pervasive, our original software. BS&A now has a dot.net version and we are in the process of starting the migration today with the payroll program and will be working with them for the next week. It is about a \$24,000.00 investment when you look at the software and the training; we have already gotten the server. Clerk/Treasurer Kwiatkowski noted BS&A is the industry standard when it comes to governmental software. We are excited to move on to this new generation. Mayor Bronson asked if the server is located here. Clerk/Treasurer Kwiatkowski replied yes, noting backs-ups are done every night and located in Lansing.

City Manager's Report:

- **Food Trucks** - City Manager Eustice stated at the last City Council meeting Council basically told he and Chief Jones to address the issue of food trucks, noting he and the Chief have met a couple of times on what they need to do as far as recommendations. The City Council, Chief Jones and he are not against food trucks in any regard, and they are a nice asset to this community. There are concerned citizens that own businesses that would like it to be better regulated. They have not had a chance to meet with Dukes Dogs or Mr. Eric Wheeler, but the Chief did meet with Mr. Wheeler today. City Manager Eustice stated he and Chief Jones need to do more investigation as to what we are going to recommend to the Council. There are certainly some issues and it's not an issue that is unique to

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the City of Cheboygan, as many municipalities deal with this. We understand that these businesses can be helpful to the community; we just need to make recommendations to appease all business owners. It is not an easy issue to solve, but he and the Chief will continue to investigate it and try and make some recommendations by the next Council meeting on September 13.

▪ **Update on Meijer's & Municipal Water Supply Issue** – City Manager Eustice stated a committee was formed last week, which included three Council Members, Clerk/Treasurer Kwiatkowski, DPW Director Karmol and himself to address how we can support this project moving forward. They were going to do this anyway prior to a letter received that was written to the Inverness Township Downtown Development Authority from five business owners in Inverness Township who had concerns with the lack of progress in the Meijer's project. Last night they had a very good meeting with the Inverness Township Board Members, Inverness Township Attorney Timothy MacArthur, Inverness Township DDA Members, Cheboygan DDA Members, the five concerned citizens, in addition to City Attorney Lindsay, Clerk/Treasurer Kwiatkowski, DPW Director Karmol and himself. The biggest issue at this point is the funding for the water extension in Inverness Township. The Township is aware that they need somehow to provide some funding for this project. Absence of a 425 Agreement, which is a land lease agreement (Public Act 425), the City cannot participate in funding a project in another adjacent township. We are participating in trying to improve some of our infrastructure, including a water tower which is going to help serve the north end of Inverness Township. City Manager Eustice thinks Inverness Township now has a better understanding of what our capabilities are and what Inverness Township and the U.S. 27 DDA need to do to move this project forward. Their DDA will meet soon. He has a meeting with some of the concerned citizens and Mr. Ron Neuman on Monday and he is going to help try and guide them through what they need to do to make this project happen. There was some misinformation at the meeting and misunderstandings that he knows he can help them with. There are small townships like Inverness that don't do a lot of bonding and don't have a great deal of experience in municipal water and sewer systems, like we do; we have 122 years' experience in water and wastewater system.

City Manager Eustice went on to state to move this project ahead, we need to do some education and help them understand how to get funding and get this project going forward. Meijer's is willing to participate as well; they will certainly put some money into the game. They are not going to fund this project 100%, so if we want Meijer's to build here Inverness Township and the U.S. 27 DDA need to help them. Mayor Pro Tem Couture commented that Meijer's is not going to get involved funding the extension to get them water. City Manager Eustice replied they are not going to pay for it 100%. Meijer's would like a commitment from the Township. Meijer's also understands the City cannot fund the project without a 425 Agreement. Mayor Pro Tem Couture asked if a 425 Agreement has been discussed. City Manager Eustice answered yes. Clerk/Treasurer Kwiatkowski stated Inverness Township does not want a 425 Agreement, adding if we did a 425 we would have to provide police and fire and we would have to add at least one police officer, noting what we would get in tax revenue to the General Fund would not even cover it. City Manager Eustice explained just the Meijer parcel would be cost prohibitive; we would lose money and would have to include other parcels in a 425 Agreement to make it possible. He went on to state we are in the process of writing a utility service agreement between the City and the Township, and then the Township and U.S. 27 DDA are going to try and sort out the funding issue so the City can provide Meijer's water. The City can put a meter at the City limits and provide them water, but somebody has to build the infrastructure, which is what the Township and Meijer's need to work out. It will be certainly less expensive for Meijer's to use our water and wastewater people to service it in case a line breaks because we have the ability to repair it. A utility service agreement would come with a cost obviously. Meijer's has them in several municipalities, as well as 425 Agreements in the State of Michigan. There are all kinds of variations of

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what Meijer's has done to satisfy those necessary utilities. Councilwoman Riddle asked if only Meijer's would be hooked up to City water and if there is going to be any safeguard that no one else will inadvertently hook up to that line because it is there. City Manager Eustice replied the Meijer's properties would have water service, noting they have three outlets and one of them will likely be a restaurant, so we will be able to service that growth just on that property. Other than that, there is no future growth there with the service line. Councilwoman Riddle commented we don't want to overdue our system. City Manager Eustice agreed, as that is an issue; we can provide ample water but we are near capacity on the sewer system. For Inverness Township to grow, we would have to upgrade our sewer system. Mayor Bronson commented the U.S. 27 DDA has a fund balance and no current debt. City Manager Eustice stated that is correct, noting they have a cash balance and also tax increment financing where they are collecting about \$80,000.00 in taxes annually, which is adding to the fund balance. Some of that fund balance could be required for capital improvements on the sewer system and this will be discussed Monday night. Inverness Township did not know what this was, but if you have a water and sewer system, the MDEQ requires that you have a minimum fund balance to help with capital improvements should something happen. There needs to be some cash there to be able to repair a utility system. The Township has a lot of cash and future revenues that could be used to fund a water system. It is much more economical to use the existing system that is in place, which is the City of Cheboygan's, than try and build their own system. We have a tower on the City limits, almost in Inverness Township, so it makes sense to use the current municipal water supply and have Inverness Township participate in the funding and financing of the extension of that water service and other projects. There should be no reason they shouldn't help us fund improvements to our waste treatment facility. These are all things we need to partner with Inverness Township to do because we can't do it ourselves and they are going to get the benefit of tax increment financing and the taxes. Councilwoman Riddle asked if Inverness Township is beginning to understand that more. City Manager Eustice replied yes, noting they certainly want Meijer's here as much as anybody. There are pros and cons to it, but if you weigh them the pros outweigh the cons for everybody, i.e. school system and City of Cheboygan. He went on to state the City probably has the most to lose, but overall for the community it's going to be a plus and we are just going to have to deal with what is going to happen to the City of Cheboygan. We are going to have to change our mentality and there are things we may have to do different. Meijer's is an outstanding company as far as contributions they make to the communities they are in. They supply the kind of jobs where people can purchase houses, noting we have an ample amount of housing in the City of Cheboygan so this could be a plus for us.

Councilman King stated he wanted to commend the business owners that took charge and got this meeting together, as he thinks it was educational on both sides for everybody. He then noted the importance of revamping the Utility Service Agreement to make it easier to understand for both parties, etc. Mayor Pro Tem Couture asked if this is the existing agreement. Councilman King commented yes, there is an agreement with amendments, and they are hoping to go to one agreement. Mayor Pro Tem Couture commented that he did not get any of this information since the committee meeting with Inverness Township, the business owners, etc., explaining that is why he was a little hesitant on the Resolution feeling this information should have been presented first. Councilman Lavender stated he feels overall in general it is a cooperative effort moving forward between Inverness and the City. We understand, as a City, that a lot of development will occur outside the City limits. Councilman Temple stated he thinks a lot of eyes were opened once the business people came forward with their letter. Councilman King said it seems like a simple issue but there is a lot of complexity to it, as there are two governments working together to make this happen. City Manager Eustice commented hopefully they can move up the build date.

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Ms. Trudy Lofgren, audience member, asked if they are going to be putting the City at jeopardy by handing out these utilities to them before you increase our infrastructure. City Manager Eustice replied the current infrastructure for both water and sewer is adequate for Meijer's and a restaurant, but for any future growth or any other development we need the second water tower and need to make improvements to our Wastewater Treatment Plant, adding this is all in process noting the City is in the process of getting a USDA Loan to do the water treatment side. This should be in place for next spring to look at a water tower and other water improvements we need to make. We also have plans to get a USDA Loan for the sewer side to make upgrades. We can do it with increases in water and sewer billings, which is what is going to have to happen. This will also include an increase in fees to Inverness Township. At this point we are doing it with a ready to serve fee to generate enough monies to get a loan. A ready to serve fee for residential properties at this point would be \$5.00 per month, which will be a fixed fee on the water bill and will be assessed whether you are using water or not. Currently we only bill usage and the sewer bill is related to water usage. We will get revenue in from people who are only here in the summer; they will get a \$15.00 quarterly bill during the winter when they have no usage. Ready to serve fees are pretty common in many municipalities. Clerk/Treasurer Kwiatkowski explained to Ms. Lofgren what was presented at the meeting, regarding the capacity, with the business owners, Township and the DDA was a dedicated sewer line for Meijer's. Right now if Meijer's taps into the Inverness sewer line that exists there can be no future development in Inverness Township. The infrastructure, which is buried under the ground, cannot handle the flows. The City recommended a dedicated sewer line, but we don't know what they are going to do. City Manager Eustice repeated what Clerk/Treasurer Kwiatkowski stated. Ms. Billie Livingston asked how long the Inverness Township DDA has been in existence. City Manager Eustice replied 2002. Ms. Livingston then asked what the Township is doing with their money and why are they blaming the City and hears all the time it is the City's fault. If the Township's DDA has a considerable amount of money, why are they not using that to push through with their water? City Manager Eustice replied he does not know.

Mr. Bob Andrews, Chairman of the Inverness Township DDA, introduced himself stating currently their fund balance is right around \$75,000.00. Most of that money is pledged to the sewer debt service, so there really is not any extra funds. They are not expecting the City to provide any funding for the new line; between Inverness Township, Inverness Township DDA and Meijer's they will come up with that funding.

Councilman Lavender clarified the upgrades talked about and generating the revenue for the loan to service the water and sewer upgrades was in the works regardless of Meijer's. These upgrades need to be done anyway.

Mr. Roger Kopernik spoke stating the main thing is that Meijer's gets on board and plans to build, which is really important. He questioned police protection if Meijer's builds without a 425 Agreement. Clerk/Treasurer Kwiatkowski stated that would be the County Sheriff's responsibility, noting 22% of the City Police Department calls are for Walmart. Mr. Kopernik stated if there was a call from Meijer's and it went to the County, he thinks the City Police would still be on call to help. Clerk/Treasurer Kwiatkowski replied yes. He then asked once the water line is run to Meijer's, he would want if he owned property along that stretch to benefit also. Mayor Bronson clarified there were plans to just supply Meijer's, but also plans drawn up that make a loop out to Meijer's and then back down the highway. This would be a possibility, too, if other people wanted to buy in. Mr. Kopernik stated the City would provide the water, asking who would service the line from the City limits. Mayor Bronson stated there is no agreement yet, but there would have to be some agreement for

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maintenance of that line and believes DPW Director Karmol would prefer that the City service the line so we can control the quality of the water going through the line. Mr. Kopernik stated he was thinking of the City just putting a meter at the end of the City limits and running a line down. Mayor Bronson stated all the City can do is build the line to the City limits; what happens in the Township is going to be up to the people there.

Mr. Art Roznowski introduced himself stating sometimes he doesn't connect the dots very well, going on to state the timing of increasing every resident's water bill by \$60.00 per year about the same time that the City puts the Meijer's water plan together. Every resident in the City is going to believe they are funding the Meijer's water project. City Manager Eustice stated the City will have to make that clear to the public.

▪ **Ryba Marine and Kokosing Purchase Agreements** – City Manager Eustice stated at the last City Council Meeting, the Council approved to send Purchase Agreements to Ryba Marina and Kokosing for properties they are very interested in. The Agreement was sent to Ryba to purchase an additional 362 feet for \$206,000.00 contingent upon a Maritime Service Agreement, which would basically tie that property to port shipping and receiving activities. Mr. Zac Morrish, the President of Ryba, looked at that favorably and didn't have a major issue with it, noting it is just a draft agreement at this point. City Manager Eustice went on to state he also delivered a Purchase Agreement to Kokosing/Durocher Marine for 767 feet at \$500,000.00 including the contingency of a Maritime Service Agreement. We also gave each company 10 days to respond which is now past. He further stated when he delivered the Purchase Agreement to Kokosing, he was told it probably wasn't feasible to get it back in 10 days for various reasons, such as being a bigger company and going through their corporate office. Kokosing also told the City Manager that the price of \$500,000.00 was very reasonable, but they did not want any ties to a Maritime Service Agreement because they don't think they could pitch that to their corporate office and be able to purchase the property. They certainly would agree to be the port operators in something less detailed than the Maritime Service Agreement and are willing to be the shipping and receiving port but they want to basically do it on their own and don't want ties to the City and have the City conferring with what they can and cannot do with that property. City Manager Eustice stated this is not a deal killer by any means, but thinks we need to have some discussion noting he has already discussed this at length with our Attorney Steve Joppich. We certainly can amend the Purchase Agreement to satisfy all parties. If we don't have a Maritime Service Agreement with Kokosing/Durocher Marine then we shouldn't have one with Ryba. Councilwoman Riddle inquired as to why not. City Manager Eustice replied it restricts their competitiveness. Councilwoman Riddle asked if we don't have the Maritime Service Agreement does that increase the price of the property because right now it is less than the market value is and is a figure that Council agreed on because of the Maritime Service Agreement was going to be in place. If that is not going to be in place, then the price goes up. City Manager Eustice stated it doesn't necessarily have to; at \$652.00 a front foot he thinks is fair, as they are both going to be taxable entities. Also they are both certified stevedores for shipping and receiving; Kokosing has all the licensing and the Port Facilities Securities Plan, which Ryba is working, as well. The Port Commission basically determined that we are not showing favoritism to any of these two entities. We sold 300 feet to Ryba Marine for \$225,000.00, or \$750.00 a front foot. Kokosing's offer is for \$652.00 a front foot. We got to the \$206,000.00 for an additional 362 feet to Ryba by blending what they had already purchased and the additional 362 feet they want to purchase, equaling out to \$652.00 a front foot. Both entities would pay \$652.00 a front foot. City Manager Eustice then commented he thinks this is fair and is within market value, noting the appraised value was \$750.00 a front foot. The City paid \$594.00 a front foot, so we are selling it for more than we paid for it. These properties would then go on the tax roll and both entities will be making improvements to the properties. Long term the City is going to benefit from it. Councilwoman Riddle

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asked if the Maritime Agreement benefits the businesses, as much as it benefits the City in the long term. She then asked would the City be on board in getting grant funding in improving some of the areas along River, asking what are the reasons Kokosing does not want to do the Maritime Agreement. City Manager Eustice replied mainly because they know how to control that and understand shipping and receiving services and they don't want a governmental entity interfering with what they do, and in some respects we are. Mayor Pro Tem Couture stated we were initially trying to put that in place on a recommendation from the Port Commission because we want to market Cheboygan as a port so we can obtain our goal at the end of the day of adding more lunch pail jobs. Without any agreement, he asked if we can still market it. Mayor Pro Tem Couture then asked if the Port Commission has met since we got the answer from Kokosing. City Manager Eustice replied no.

Mr. Mark Lorenz, a member of the Port Commission, introduced himself and clarified that part of the agreement is that the pricing of the property is contingent on a port operating agreement. Certainly the reason that the value for the second piece of Ryba's went down was because the property for Kokosing/Durocher went down because of a port operating agreement. He went on to state he thinks that to say they are equal is not quite fair. He would suggest we need to take a hard look at what the port operating agreement issue is they have. If it's basically because it is a private business and they want to operate on their own, he can understand that, but he thinks the City needs to protect themselves if for any reason and time that port operation doesn't continue to exist at Kokosing/Durocher, so the City has the ability to get that property back. Mr. Lorenz then stated he thinks the property being sold without a port operating agreement is a slippery slope. From the Port Commission's perspective they recommend it and very strongly recommended that there be a port operating agreement with the sale of the property; otherwise what we are going to do is sell the property and there are no guarantees there is going to be a port operation connect facility. He thinks they have expressed it verbally and there may be a common ground here where we can get Kokosing/Durocher comfortable with the City's involvement and maybe the City's involvement is strictly the ability to get the property back, if, in fact, they do not operate as a port operation. Then we would have both, as Ryba is ready to go. From the Port Commission's perspective they think it is vital that there is some sort of operation agreement. In fact, it was originally in the contingency for the purchase agreement and then decided if they go forward with this that the price needs to be different than what the fair market value might be because of the port operating agreement. He does understand Kokosing's concern about theoretically, hypothetically or realistically not being tied every time there is a decision about a freighter coming in, setting rates or how big the sign is that says Port of Cheboygan. With all due respect, the body sitting here or the City Manager. Mayor Pro Tem Couture commented he is hoping that is what Kokosing/Durocher is concerned with and he does not think it is the City's intention, nor has he heard it at all, to regulate that. He does want to continue to have some of that control that allows us to continue to market, not the port necessarily, but the property that could support the port to bring businesses in without anything that ties the City's involvement or both companies could just say they are done shipping at that stage with no agreement and then there is no access. That is why we originally looked at keeping a piece, which is a concern, but thinks it can be worked through. Councilman Lavender stated he thinks it can be accomplished without a 5, 6 or 8 page service agreement – it could be one sentence that they agree to provide shipping and receiving for the Port of Cheboygan operation. Instead of complicating the process and getting us tied into an agreement that has all kinds of contingencies, it can just be a basic statement. City Manager Eustice added for a specified time, possibly. Mr. Lorenz stated that is pretty much what the Port Commission recommended to make sure that if at some point and time either company decide they want to do something different than operate the port, we have some failsafe and have a way to get the property back to make sure we do have a Port of Cheboygan. One of the biggest concerns of every

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manufacturer you talk to is the guarantee of some continuance of operations as a port, so before they invest and put in a facility in the Industrial Park or adjacent to the port, they want to make sure there is a window of time where they are going to make sure there is a port operation there. This is the reason for the contingency that they will operate as the Port of Cheboygan. Mr. Lorenz stated it could be a misunderstanding or we made it too complex for them to move forward and feels there is middle ground here, but it is very important there is something there.

Councilwoman Riddle commented just making businesses that will be purchasing the property aware that other individuals are thinking of moving and manufacturing in this area and need to be assured that they have access and that it is not going to dry up on them once they are here, which is why the Maritime Agreement is important to attach to that because it benefits everyone and it is just communicating that benefit.

Councilman Temple asked City Manager Eustice how far down the River can a freighter go. City Manager Eustice stated the property Kokosing wants to buy is not where the shipping and receiving will be done anyway; it will be done at the north end of their property. He stated that Ryba will have barge traffic. Kokosing will have an advantage of bringing in 700 foot freighters. Councilman Temple then asked what if Kokosing decides not to accept shipping and Ryba will, the Ryba property is not deep enough to get a freighter down in there. Mr. Lorenz stated Councilman Temple is absolutely correct in that there are limitations on what Ryba can handle, which was the reason that these two companies together could work collaboratively. Kokosing definitely has the advantage of a deeper area to handle larger freight.

Clerk/Treasurer Kwiatkowski commented the City has expended over \$300,000.00 in General Fund money for this project and everyone is talking about a port authority. If this is prolonged and these companies walk away the Council is playing Russian roulette with our General Fund Balance. The longer this goes on, every year we are going to be paying debt service with a balloon at the end of it, and it's all General Fund money and it is not what that money is intended for.

Councilman King stated if there is money to make in it these companies are going to do it if it is a viable business for them to do. It might not happen in five years, but down the pipe it could.

Councilman Lavender commented on starting to add a bunch of contingencies and regulations to shipping that is not even there; we don't have shipping and receiving to push through there at all.

Councilwoman Kwiatkowski stated she does not feel it would be such a bad idea, as Mr. Lorenz said, to get a first right of refusal in there if they ever decide to sell. City Manager Eustice replied he thinks they are okay with that and okay with a port operation agreement that is not as detailed with an out clause in so many years.

Mayor Pro Tem Couture asked what the next step is, where we are at with this, and how do we move it forward. City Manager Eustice answered he has had a lot of conversation with City Attorney Joppich and they are going to need to meet or have a conference call with each of the entities. He noted that Kokosing is the key and thinks Ryba is watching to see what Kokosing is going to do because they want to be treated fairly. We want to treat both entities fairly. City Manager Eustice then stated he thinks the first step is to get a commitment from Kokosing as to what they want and what they want to do. Mayor Bronson asked if the meeting will be directly with Kokosing, because in the past it has been with Durocher and Durocher then goes to Kokosing. He thinks the City needs to talk to

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Kokosing, as we don't know what's getting lost in between. Mayor Pro Tem Couture commented he thinks we should present them with another offer, if we don't get a counter-offer, we still want to move forward. Let's put another offer out there and continue to push this forward to get this done. City Manager Eustice replied we need to edit the purchase agreement and change the Maritime Service Agreement to make it less complex. Mayor Pro-Tem Couture asked who will do this, Attorney Joppich and the City Manager? City Manager Eustice replies yes, adding we could have a special Port Commission meeting to get advice there, as well. Councilwoman Riddle asked if the City Manager is continuing to get advice from the Port Commission. City Manager Eustice replied yes. Mayor Pro Tem Couture then asked if the City Manager needs direction from Council and do we need to set a timeline, as he does not want to let it go. Mayor Bronson stated the next scheduled meeting of the Port Commission is on Labor Day. Mayor Pro Tem Couture stated to do the Port Commission meeting before that. Councilman Temple stated we have to get moving on it because every time the City Manager talks to Attorney Joppich we get a bill. City Manager Eustice stated a special Port Commission meeting would work, adding the only thing is Kokosing has not denied that Purchase Agreement yet, and one of the reasons they haven't addressed it is the President of Kokosing Industrial left the same week he saw the proposal and will not be back until Labor Day. We are not going to get an answer from them before Labor Day, but we can still have a meeting and he knows what the local contingency feels about it. Mayor Pro Tem Couture told the City Manager to set up his Plan "B" so the Council can act on it based on that. They already couldn't respond to our 10-day, so at the end of the day that is now gone. If they don't come back after Labor Day and agree with it, then we have Plan "B" on how we want to continue in a timely fashion. We need to be proactive instead of reactive. City Manager Eustice told Council he will schedule a special Port Commission meeting and discuss that issue.

- **Main Street Program** - City Manager Eustice mentioned there is a citizens group that is formulating support from business owners and non-business owners who will be here at the September 13 meeting. We will likely put the Main Street Program back on the agenda and he will draft a very detailed memo and include some of these business owners and citizens that are willing to volunteer and help with the Main Street Program. Councilwoman Kwiatkowski asked is this not why we tabled it in the first place. City Manager Eustice replied yes. Councilwoman Riddle stated it is essential to have good community support. When the question was asked at the Council meeting as to how much community support there was, it was not answered and we are not assured of that; thus, Council needs more information before making a decision. City Manager Eustice stated it will be discussed and information provided at the September 13 meeting, and if approved by the Council the City will have until November 4 to file the application. Mayor Pro Tem Couture asked if it will be an agenda item for the next meeting, or do we need to have something before that. He asked if the Council can have enough discussion at the September 13 meeting to act on it. City Manager Eustice replied he believes we will have enough information and input to make it an agenda item, and if not satisfactory it can be tabled again.

- **Blight Committee** – City Manager Eustice reported the Blight Committee meets tomorrow, noting there has not been a meeting in quite some time. They will be discussing all the procedures and policies they have been talking about, including the rental ordinance. They have taken the input received from the landlords and will discuss that. There is not anything that will come out of this meeting to take to Council any time soon, but it will be a topic of discussion. Councilwoman Kwiatkowski asked if the Council will get information before they get blindsided. City Manager Eustice replied yes, Council will be getting the ordinance once it is in draft form. Mayor Pro Tem Couture commented on not being a part of a committee that meets or if you can attend a special meeting and for it to be on an agenda without having any insight on it or summary of what was talked

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about or even a phone call is not good. He then commented on the Resolution for Meijer's on tonight's agenda, stating he did not have any idea what was said in the last two committee meetings. He is not trying to hold anything up, noting the City Manager explained a lot of it after the fact, which he feels the explanation should be prior to any action.

- **Rotary Club Donation to Opera House** – City Manager Eustice informed Council that tomorrow at 1:30 p.m. in the Opera House the Rotary Club of Cheboygan is going to present a check to the Opera House for \$5,000.00 for their sound system. The City looked at providing some of that money after Ms. Pryzynski made a presentation to the Council asking for financial support. We got her to make a presentation at the Rotary Club, which Citizens National Bank attended and committed \$2,000.00 and Mr. Rick Tromble committed \$1,000.00. The Opera House now has all the money necessary to build a quality sound system.

- **Food Trucks/Carts** - Ms. Valarie Willis introduced herself stating she recently moved back to town and opened an insurance agency and wanted to suggest there is a lot of experience in the Council room on food and thinks it would be very beneficial for everyone to have a meeting before an official Council meeting to gather ideas and just talk to the people. People showed up tonight thinking it would be discussed, but then found out it wasn't going to be discussed. Ms. Willis noted there is a lot of regulation already mentioning local food code law and farmer market law. She commented basically she feels it is a communication issue. She reiterated an open meeting before Council makes any final decisions because everyone wants it to work.

- **W.W.T.P.** – City Manager Eustice stated due to the recent severe electrical issue and fire at the W.W.T.P. we are currently at about \$400,000.00 in repairs on that facility. Fortunately, we just got a cash advance of \$400,000.00 from our insurance company. We are back in business and everything is running fine; there will be some issues going forward that we will have to deal with. We came out of that situation, which was a very severe happening, very good. Councilwoman Riddle asked if Consumers Energy was going to do something different with the power pole. City Manager Eustice replied yes, noting our utility bill will increase because of it but it's what we need to do because Consumers will not work on the transformers that are there if we don't change the service.

- **Footbridge** - Councilwoman Riddle then asked if the transformers have been corrected at the footbridge. City Manager Eustice said there is power there, but the elevators are still not in operation. The issue is on the east elevator there is no telephone line in their yet, so we cannot operate the elevators without that emergency telephone line. When we switched from AT&T to Charter we ordered two telephone lines and Charter has to install the second telephone line at the east elevator. Councilwoman Riddle asked if this has been scheduled. City Manager Eustice stated he is not sure. Clerk/Treasurer Kwiatkowski commented DPW Director Karmol is working with Charter, noting he made the original contact telling Charter there were two lines and they only installed one.

- **ICE Grant** – City Manager Eustice reported Phase I of the application for an Infrastructure Capacity Enhancement Grant is completed and we now are in the process of completing Phase II, which has to be submitted by September 9. We are trying to back that up to September 16, which may or may not happen. He went on to state we will have to have a public hearing for public comment to get federal monies. The problem is you have to apply to the State Historic Preservation Office (SHPO), which we did two months ago, and they have to give us approval that we are not going to disrupt any historic site. We do not have an answer yet, although there is nothing going to be disturbed as it is a public road. We cannot have a public hearing without that being available and our MEDC representative, Lewis Vincent, in Lansing he is trying to get that answer. If we can't back it up to September 16, which is being considered because the MEDC originally backed it up for approval, then we may have to have a public hearing on September 6, 2016. City Manager Eustice explained we are not guaranteed this money but it looks very favorable we are going to receive this money, adding

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he will keep the Council informed. He went on to state Ms. Lisa Fought, of Rural Communities Assistance Partnership, wrote the first phase of the application. Rural Communities Assistance Partnership is a service for low income rural communities like the City of Cheboygan and we do not pay for the application process at all. She has everything ready to do part two of the application, other than the public hearing. Mayor Pro Tem Couture stated we will jump through hoops to get this money.

Messages and Communications from Mayor Pro Tem and Council Members:

- **Ryba Fencing on Property** – Councilman King noted Ryba has torn up some of the old fencing and are working around one of the buildings on the property recently purchased.
- **Cheboygan Bridge Walk** – Mayor Bronson encouraged the Council Members to attend the Cheboygan Bridge Walk on Labor Day at 11:45 a.m.
- **The Church Has Left The Building** – Councilwoman Kwiatkowski reminded the City Manager that The Church Has Left The Building is coming up in September if he or Chief Jones has anybody that needs help with blight on their property, and to please let her know.
- **Ryba Property Purchase** – Councilman Temple asked the City Manager if First Street has been vacated and is included in the Ryba property purchase. City Manager Eustice replied no.
- **Weeds along the River** – Councilwoman Riddle commented the weeds along the River across from the Lincoln Bridge Plaza should be pretty easy to pull out with the recent rain we had, asking if there is any movement toward removal. City Manager Eustice stated they have tried cutting them, but will talk to Parks & Recreation Director Hancock on this. Councilwoman Riddle inquired as to SAYPA and inmates assisting the City. City Manager Eustice stated about a month ago they used community service people to do some cutting, but will check with Mr. Hancock.

Mr. Greg Bach stated there has been a lot of great comments to help improve the City, but he wished everyone could be the business manager for a day at the Salvation Army or Ms. Torrence’s job at the United Way. On behalf of all the struggling citizens in Cheboygan, please get it done to get jobs here, get the Port figured out and to get Meijer’s here. The poverty, struggle and desperation he sees daily at the Salvation Army is very heart wrenching.

Adjournment:

Councilman Temple moved to adjourn the meeting at 8:29 p.m.; supported by Councilman King. 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