

REGULAR CITY COUNCIL MEETING
May 23, 2017

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

Roll Call:

Present: Temple, Riddle, Couture, Kwiatkowski and Lavender

Absent: Bronson and King

Councilman Temple moved to excuse Mayor Bronson and Councilman King; supported by Councilwoman Kwiatkowski. Motion carried unanimously.

Councilman Temple led the Pledge of Allegiance to the Flag.

Approval of Agenda, and Receive and File all Communications:

Clerk/Treasurer Kwiatkowski stated on March 14, 2017 a Resolution was adopted to issue Michigan Transportation Bonds for the W. State Street project. He received a telephone call from Bond Counsel today informing him the Resolution was supposed to be approved by two-thirds vote of Council and on March 14 we only had four. This Resolution is basically affirming what happened on March 14, which needs to be voted on with five votes in favor of it. Mayor Pro Tem Couture noted this addition to the agenda will be 9-B.

Councilman Lavender moved to approve the Agenda with the addition of 9-B and receive and file all communications; supported by Councilman Temple. Motion carried unanimously.

Approval of Prior Meeting Minutes of May 9, 2017:

Councilwoman Kwiatkowski moved to approve the Regular City Council Meeting Minutes of May 9, 2017 as presented; supported by Councilman Lavender. Motion carried unanimously.

Public Hearings:

Public Comment on Application to U.S. Department of Agriculture/Rural Development Grant Application for Funding of 2018 Patrol Vehicles and Equipment – City Manager Eustice explained this is a proposal to submit two grant applications for two separate vehicles, which will give us \$25,000.00 per vehicle. The City will have to match approximately \$15,000.00 per vehicle. City Manager Eustice went on to state this public hearing is basically to give the City permission to submit the grant applications, noting preliminary grant applications have been submitted. It is likely we will receive the grants. Chief Jones commented Rural Development has approved the pre-grant application and after this public hearing we have more documents to send in. The match is proposed to come from a 2% and up to a seven year loan from Citizens National Bank to be paid in monthly installments, which is cheaper than the USDA. Councilwoman Riddle asked how long we usually keep vehicles. Chief Jones responded usually 10-years by the time they work their way down. Councilwoman Riddle stated we will have them longer than the loan. Chief Jones replied yes, noting after that they go to other departments, i.e, WWTP, DPW and Parks and Recreation. Mayor Pro Tem Couture asked if the two vehicles being looked at are pick-ups, asking if this is the final decision to go ahead with purchasing them if we get the grant, or does it come back to Council. Chief Jones stated it would come back to Council after the grant gets approved and then he would come back to Council

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for the purchase. Councilwoman Riddle asked if they will go out for bid at that point and time. Chief Jones stated they are out for bid now and they have until July 1, which is the model year changeover. Mayor Pro Tem Couture asked if this is something that we have to look at both of the vehicles, or is it an option that we only look at one. Chief Jones stated the Council can only look at one but they need two because they skipped purchasing three years in a row. Councilman Temple stated the 2% is a good percentage rate. Clerk/Treasurer Kwiatkowski asked how soon would the newest vehicle that we have in the fleet for the police be turned over to the Fire Department. Chief Jones replied within 30 to 60 days after they get the new vehicles. Councilwoman Kwiatkowski asked why the vehicle is going to the Fire Department and couldn't a part-time police officer use it. Chief Jones answered they need a truck in the Fire Department as they have been using firemen's personal vehicles to pick up hoses after fires for years. Mayor Pro Tem Couture commented it was mentioned but does not think Council really had a discussion on transferring that vehicle to the Fire Department. He then stated it may be something we need to do, asking if personal vehicles are used right now for the Fire Department. Chief Jones replied yes, noting once in a while we get somebody that comes on the Fire Department that brings a City truck, like Don Dailey, but most of their testing hose the last 1 1/2 months have been transported in a City truck, his and a couple others. Mayor Pro Tem Couture does somebody get an allowance for a vehicle usage. Chief Jones replied no; Clerk/Treasurer Kwiatkowski replied yes – right now the Fire Chief is Tom Bancroft and every payroll that we run he gets a stipend for his mileage/gas. The last time somebody had a vehicle for the Fire Department was Chief Bunk Bonsecour. It was a car that had already gone through several years of use at the City Police Department. Councilwoman Kwiatkowski asked if the City is still responsible for that and maintenance. Clerk/Treasurer Kwiatkowski stated the City would pay for gas and all the maintenance for something that would go to a part-time department. Mayor Pro Tem Couture asked what year the truck is in the Police Department. Chief Jones replied 2015. Mayor Pro Tem Couture commented that is brand new. City Manager Eustice asked Chief Jones how many miles are on the truck. Chief Jones answered between 30,000 and 40,000 miles. Councilman Temple stated it seems to him when the truck was purchased that somebody said it would go to the Fire Department eventually. Chief Jones commented that was the plan as they have been trying to get the Fire Department a pick-up for over 35-years. Mayor Pro Tem Couture stated he has reviewed their want list for this year for replacement, stating they are trying to be as fiscally responsible as possible when it comes to the budget. He thinks it has to come to Council again, anyway, prior to that for more discussion. Councilwoman Riddle asked if Clerk/Treasurer Kwiatkowski has concerns. Clerk/Treasurer Kwiatkowski said he is going to be perfectly honest with Council stating he talked to the guys that are in the Police Department. They are extremely upset that this truck, which is the newest they have is going to be turned over to the Fire Department, which is part-time. Mayor Pro Tem Couture stated he is trying to think of what other vehicles are in our City fleet, such as Parks & Recreation. He does not think any more discussion needs to be had now. Obviously a Fire Department is very important as far as response, but if it is just for training or picking up after the use, and wondering if the hoses get transferred over with the truck. Chief Jones explained after a fire you have to pick up all the wet hose that is out on the street, bring it back here and hang it and then pick it up. Sooner or later we are going to be paying for some of these trucks that got damaged, which is what the Chief is trying to prevent. As far as his men, none have complained to him about whether this truck goes over to the Fire Department, or not. That is his responsibility to take care of and he is recommending to Council that we do this before we have issues to pay for somebody's damaged vehicle. Chief Jones went on to state he understands the budget and thinks the \$50,000 grant from the USDA is a pretty good gift to the City and the financing is about what any of us would pay if we were to buy a vehicle today. Mayor Pro Tem Couture then asked if there is any more discussion.

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Mayor Pro Tem Couture then opened for public comment. There was none. Mayor Pro Tem Couture closed the public comment.

Councilman Lavender moved to direct the City Manager and staff to continue with the U.S.D.A. grant application process for funding of 2018 patrol vehicles and equipment; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

Communications and Petitions:

▪ **Cheboygan Area Arts Council Report, Ms. Vicky Pryzynski, Executive Director** – Ms. Pryzynski read from her handout to the City Council. She stated she is here to report on activities taking place in the Opera House since their fiscal year. The last time she was here was in July 2016. She noted their fiscal year is October 1 through September 30. She went on to review the rentals. Ms. Pryzynski informed Council the total income paid to the Opera House for rent this fiscal year is \$12,325.00. She then reviewed the five Concert Series performances. She noted other events held at the Opera House through last weekend. With the exception of the rentals, the Cheboygan Area Arts Council sponsored all of the named events. To date, the Cheboygan Area Arts Council has transferred \$39,700.00 to the Opera House for operating costs. Ms. Pryzynski went on to review her handout, explaining what they are doing to pull out of a \$30,000.00 deficit. She noted they will be holding their cash raffle again, which earned them a little over \$27,000.00 last year; she also stated that tickets are available for \$100.00. The first place prize for this year's raffle will be \$10,000.00; second and third place will be \$1,000.00 each; and for fourth, fifth and sixth places will be Concert Series tickets.

Ms. Pryzynski then reviewed the maintenance concerns, stating once the roof and air ducts have been repaired they would like to move forward with repair of the plaster cracks and painting. She then referred Council to four photographs of the crack bars on the doors, explaining how they are currently securing the front door. She also stated the water fountains on the second and third floors either require maintenance or need replacement. Lastly, the carpet on the stairwells leading to the Green Room and backstage area should be replaced. She noted those mentioned are priority needs.

Ms. Pryzynski informed Council their Facility Committee meets quarterly, of which City Manager Eustice is a member. She then invited the Council to attend to help facilitate a plan with a budget for improvements and renovations over the next five years. Councilwoman Kwiatkowski asked when the next meeting is. Ms. Pryzynski stated during the month of June or July.

Mayor Pro Tem Couture stated Council has discussed in their budget meetings that the Opera House is a very important piece of the City and seems like she and the Arts Council are doing a really good job. He went on to state what would help the Council, with all entities of the City, are what is provided to those residents outside the City itself, such as the ballfields, the Opera House, and the Ice Rink. We are going to have to start looking really close on how we are going to fund these things, as well as repairs, etc. The Recreation Commission is going to tackle the Little League, Soccer, etc. but we need to figure out who is using the Opera House. Mayor Pro Tem Couture asked if the schools pay when they use the Opera House. Ms. Pryzynski responded the Mission Statement of the Cheboygan Area Arts Council is to instill culture and arts into the community and part of that Mission Statement really focuses on the students. She noted there has always been a policy that we offer the City of Cheboygan schools K-12 the opportunity to perform free of charge once a year on stage. K-4 schedules Christmas concerts or spring programs; Intermediate and High School is the Youth Arts Festival showcasing their choirs and bands on stage. Mayor Pro Tem Couture inquired if we provide that to Inland Lakes, as well. He thinks this is a great thing and does not to detour that, but somehow

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we need to find out who the users are of the Opera House, as well as the Ice Pavilion and ballfields. Kids sign-up should provide this information. We need to decipher what percentage of kids from where are using our facility. He explained we need this information in order to put together a presentation for help around the County, whether it be the County or surrounding townships. Ms. Pryzynski stated they have a survey they did to the box office patrons when the order for their tickets was filled out. They were asked how they heard about the performance because we wanted to know how far our advertising was reaching and we also take their address from the order form. They have actual percentage numbers, but a ballpark right now is 50% Cheboygan County and 50% others (as far as Rogers City, Gaylord, Millersburg, Onaway, St. Ignace, Mackinaw City and some in Petoskey). Ms. Pryzynski then stated the Opera House and the Crooked Tree Arts Center in Petoskey don't really share audiences that much because sometimes they are duplicated and the Opera House does not garner any patrons from the Traverse City area or below Gaylord. She noted they are also dealing with the casinos, noting they do not get anyone from Sault Ste. Marie. Mayor Pro Tem Couture stated this is valuable information from those buying box office tickets, but he would like information pulled from where the people are from who are using the services provided by the Arts Council for free. Ms. Pryzynski stated the offer for the pre-performance on the stage goes to Cheboygan County and it was larger when she started here 15 years ago, but since then the schools themselves have opted out and they have watched the attendance with the schools go down. The grades are starting to consolidate their performance nights instead of being on separate nights. The rule of thumb is to reach out to the kids and offer something for the children on the stage – they are coming to the Opera House and are pretty loud and they just love the place and go home and tell their parents about it. The parents then bring them in to a performance and those kids do not even hesitate to get involved with the Northland Players, Youth Theater or Children's Theater. We here in Cheboygan support two local theaters. The children grow up and then become volunteers for the Opera House, sit on the committees and eventually become board members. It is very, very important to get those kids into the Opera House and get them use to a little Opera House etiquette. Mayor Pro Tem Couture clarified it is invaluable and at no level any of this information he thinks they might need to look at is to hinder or make any child to have to pay. It is basically an accountability of how many people from outside the City limits are using our City funded facilities. The Arts Council funds a lot of the Opera House and the operations, but the City also has a play in that; the same thing with the Ice Pavilion and ball fields. We have got to figure out if we can continue these things. He then thanked Ms. Pryzynski for the information, stating they may have more questions. She stated they are just as concerned with the maintenance concerns and are willing to work with the City, stating they need to make a five-year plan and budget and keep the ball moving forward.

City Manager Eustice informed Council there is a major concern with the leaking roof. A couple years ago they had Doyle Roofing give the City an estimate and they spent a lot of time trying to determine where the leaks were coming from. Mr. Tim Howell spent a whole rainy day under the façade to see where the water was coming in. They discussed how to fund it and any time you do a major repair the City's policy is that it has to be bid out. It was a \$22,000.00 fix that they knew of, but there could be much more damage under the façade then what they could see. Until they get the metal façade off they are not going to know what's there. We did not fix it at that time mainly because of the bid process and that policy, but it needs to be repaired and it's not something we can really bid out. Doyle Roofing knows how to fix it and he does not even know how he would put it into a bid document to have anybody else bid on it. It is probably going to have to be a Council decision to go outside the policy and get it fixed. Right now it is August before Doyle Roofing can even get to it. It is wide open and they are still telling him that the \$22,000.00 is still good for what needs to be repaired, but it could cost us \$40,000.00 once they get in there. Mayor Pro Tem Couture

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asked if there is a set amount that we put towards the Opera House. City Manager Eustice replied yes, the buildings and grounds. Clerk/Treasurer Kwiatkowski explained it is a day-to-day operation – there's no capital outlay and this would come under capital outlay. City Manager Eustice explained we would have to use General Fund money outside what's budgeted. Councilwoman Riddle asked if staff has checked into any grants or loans. City Manager Eustice stated a low interest loan could be a possibility, as there are really no grant opportunities for maintenance and repair. He noted we have a pretty solid fund balance for something like this as long as it does not get into a \$100,000.00 repair. Councilwoman Riddle stated they have been talking about generating a case for maintaining things, such as the Opera House and Ice Pavilion, as right now it is all a drain on the City. We need to figure out how to get a handle on this because money is tighter and has been getting tighter; it also becomes harder to find the funds to do these things. Councilman Temple commented being a roof, the longer you wait the more it is going to cost, and the more damage it is going to do. Councilwoman Riddle asked if the ceiling tiles are continuing to get worse. Ms. Pryzynski replied they actually had the tiles out because the water was coming down frequently and just recently the old stained tiles were put back up, noting they have been replaced three or four times. They are to the point where they are not buying any more tiles until the roof is fixed. City Manager Eustice stated there is also plaster peeling away from the walls in the elevator area, which cannot continue to be fixed because the roof still leaks. Ms. Pryzynski explained some of the plaster walls are older and some are newer. Mayor Pro Tem Couture asked what the City's annual contribution to the Opera House is for operations. City Manager Eustice replied \$21,000.00. Mayor Pro Tem Couture asked Ms. Pryzynski if they were working out of a three-year debt. Ms. Pryzynski replied \$30,000.00 for the past three years and just broke even a few months ago and noted the \$21,000.00 subsidy from the City actually goes to the maintenance/custodians and tech wages that take care of anything that is less than \$500.00. She noted they have to replace vacuum cleaners every now and then, as there is a lot of carpet in the Opera House. City Manager Eustice commented this is a great partnership because if the City of Cheboygan has to do it by themselves it would cost a lot more than that.

Mr. Darryl Hesselink stated he used to be a banker down State before he moved to Cheboygan and worked CRA, which Citizens National Bank is very good at. The RD Loan for the vehicles he is not familiar with. He would strongly suggest to see if there are RD Loans available for public buildings, because if they go into police cars he does not know why they would not go into the City buildings. Another place to ask about would be MSHDA, which normally does it on the private side, but both programs are usually funded in the spring. He would talk to Citizens because they are really up on trying to get CRA Loans, and the reason they are doing the 2% is because Cheboygan is a low income area and they get credit from a CRA standpoint on the bank level. Mr. Hesselink also commented there may even be grants such as with the police cars. Councilwoman Riddle stated the Opera House is a community treasure because it was refurbished and everybody has an interest as it is a historical building and is serving a good purpose for the community. Mr. Hesselink stated his son who is a Young American loves the stage, noting the roof is the main thing and getting funding to repair it. Councilman Lavender asked City Manager Eustice if it is possible to meet with Doyle and get some type of proposal together to get in front of Council to look at. City Manager Eustice replied absolutely and he will have Joel Ross lay out a proposal. Mayor Pro Tem Couture stated if we are going to drive down that path he thinks we should explore all avenues, i.e. grant funding. The roof is necessary as it is continually leaking. Councilman Lavender stated the roof should be fixed in his opinion. Mayor Pro Tem Couture stated he is unsure how to go outside of policy like the City Manager suggested.

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Department, Boards and Commission Reports:

- **Port Commission, April 10, 2017** - City Manager Eustice stated the Port property closings took place on April 12 and April 20. The City did retain about 10.2 acres of uplands on the east side, including the 8 acres that is adjacent to the Coast Guard Station. We have been working with the Coast Guard and the Great Lakes Carriers Association regarding a second possible ice breaker on the Great Lakes which is about five years out and we have the capability of housing two ships and they may need room to expand. Councilman Lavender stated with regards to marketing of the Port and the Community Foundation are they not going to be recommending anything to Council from now on, noting he did not get any clear direction from the minutes. City Manager Eustice stated it is likely; certainly everything is going to have to come in front of Council but certainly the marketing side of it, the Commission and Port Action Committee and the Cheboygan Community Foundation are going to do the marketing and the funding for the marketing going forward. At this point they are not coming back to Council to ask for additional assistance to market. Kokosing and Ryba will also do their own marketing and we have a partner agreement with both entities where the City can use their names in any kind of marketing as they are officially our Port operators from the operation side. The City can still market those entities and we are going to market to a potential manufacturer. We will probably go to some industrial shows and have a booth. Councilman Lavender asked if there is a marketing plan that is moving forward. City Manager Eustice replied yes, noting there was a Port Commission meeting last night and that was really the only topic of discussion. Mr. Mark Lorenz is going to bring back their Port Action Team and have committee meetings and do some brainstorming as to how to approach that. The Foundation has agreed to fund the marketing and the Michigan Economic Development Corporation will match up to \$50,000.00 for the marketing campaign. Mayor Pro Tem Couture asked if there is any estimated timeline as to when they are going to start putting things out there. City Manager Eustice replied very quickly; Mr. Lorenz is going to put a meeting together within a week with that Committee. We have a lot of data, a PowerPoint presentation and an asset inventory of all of Cheboygan County that needs to be put together. Mayor Pro Tem Couture commented it seems like the Port Action Team has been waiting and wanting to go. Councilwoman Riddle asked if there is anyway the Industrial Park is going to be able to be used in conjunction with the Port operation. City Manager Eustice replied absolutely, noting it is certainly one of the City's biggest assets and there is available space in the Industrial Park. This will be a key component to the marketing campaign. Councilwoman Riddle asked what has been looked at in terms of transporting from the Industrial Park to the Port, other than Mackinaw Avenue. City Manager Eustice replied there are some limitations, but we also have looked at a dedicated roadway from the Industrial Park to the Port, which MDOT considered funding. This all came about when TherCom was located in the Industrial Park and were looking at either a rail system or road system from the Industrial Park to the Port. There are still those capabilities but will need an investor and MDOT to do it. This is not something the City is going to do. Councilwoman Riddle asked if there has been some checking into facilitating a junction between the Port area and the Industrial Park. City Manager Eustice replied absolutely, noting there is a direct link from the Industrial Park to the Port where it's all City right-of-way or City property, other than a vacant lot and a house being in the way. The City owned property or right-of-way would be the City's contribution to building a railway or road.
- **Department of Public Safety Monthly Statistics, April 2017** - Received and filed.

Resolutions:

- **Performance Resolution for Governmental Agencies – Michigan Department of Transportation** - Clerk/Treasurer Kwiatkowski explained this is a Resolution between the City and MDOT and it's updated every few years. Basically it designates who at the City level can work with MDOT and do permits for work on the trunkline and trunkline closures for different events in the

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City, etc. The three people who have always been designated are the City Manager, Clerk/Treasurer and the DPW Director.

Councilwoman Riddle moved to adopt the Performance Resolution for Governmental Agencies, Michigan Department of Transportation; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

▪ **Resolution Confirming Action by City Council on March 14, 2017 Authorizing the Sale of the 2017 Michigan Transportation Bonds for the W. State Street Paving Project** - Clerk/Treasurer Kwiatkowski explained this a Resolution, stating they are just now getting to the financing portion of this and he has been working with the Bond Counsel in Lansing. Today he received a call from Attorney Gresens stating the City did not meet the two-thirds rule. We will be issuing bonds in the amount of \$280,000.00 at a 3% interest rate for a period of ten years through Citizens National Bank. This Resolution is just confirming approval of Council on March 14 to go ahead with the bond sale.

Councilman Lavender moved to approve a Resolution confirming the March 14, 2017 agreement by Council to proceed with the sale of bonds for the W. State Street project; supported by Councilwoman Kwiatkowski. A roll call vote was taken; motion carried unanimously.

General Business:

▪ **Consideration of Recommended 2017-2018 Property-Tax Millage Rates for General Obligation Bonds and City Operation Requirements** - Clerk/Treasurer Kwiatkowski explained we have three bond issues that appear on the City tax roll every years – 1997 Rural Development, 2004 General Obligation Bonds (DPS Addition), and the 2006 Refunding Bonds (water and sewer updates). According to the Bond Covenants we have to levy enough millage to meet the interest and principal payments on a yearly basis. What he does is take the taxable value minus the DDA capture to get what we have to work with. The millage that we are recommending this year is the same as what was on the last tax bill (2016) – 1.2 mills for the 1997 Rural Development, 1.2 mills for the 2004 General Obligation Bonds, and 2.6 mills for the 2006 Refunding Bonds. Of course, the City's operating millage is set at 15.0 mills. Mayor Pro Tem Couture asked for comments from the City Manager. City Manager Eustice stated the 15.0 mills for operating millage is the maximum we can levy, noting it can get rolled back by Headlee, but we haven't had a rollback in 12-14 years. The only way a rollback would occur is if the City's taxable value increased significantly. Councilwoman Kwiatkowski inquired if the 1.2 mills for the water system improvements is enough. Clerk/Treasurer Kwiatkowski replied they take into account at the end of the current fiscal year the cash balances (they all have their own funds within our accounting system) and with the cash balance and what we look to collect in July 2017 should be sufficient. We always hedge, as far as the millage rates go, a little on the higher side because of Tax Tribunals and Board of Reviews. Councilwoman Kwiatkowski then asked if the 2.6 mills for wastewater improvements is okay. Clerk/Treasurer Kwiatkowski replied yes. Councilwoman Kwiatkowski commented she knows DPW Director Karmol has some plans and wondered if this will cover any of that. Clerk/Treasurer Kwiatkowski answered this is all existing debt millage. Councilman Lavender commented not having a Headlee Rollback is not necessarily a good thing as it means properties are not selling in the City limits. City Manager Eustice commented on the \$103,588,082 taxable value in the City, noting in 2003 our taxable value was \$120,000,000, so we are still \$17,000,000 under what our 2003 taxable value was. Most of it was lost between 2004 and 2010 and it is not coming back unless there are improvements or sales that are selling higher than the current market. This is why we have a difficult time funding any kind of new improvements. Mayor Pro Tem Couture inquired as to the market outside of the City limits, wondering if the Headlee

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Rollback is happening in other areas. Councilman Lavender replied there have been several townships within Cheboygan County with rollbacks. Sales are better outside the City limits than in the City due to the millage rates the City levies. Councilman Lavender commented historically the City's real estate values have been really weak gains for decades and it's one of the slowest growing taxable assessed value bases.

Councilman Lavender moved to approve the recommended property tax millage rates for general obligation bonds and operation requirements as presented; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

▪ **Consideration of Setting New Rates for Civil Infraction Violations:**

Chief Jones stated the memo presented to Council is part of the Ordinance enforcement and the last time rates were set was 2002. These rates would be passed, after adoption, to the Court and the Court when they hear a civil infraction would set the fines and costs according to the schedule adopted by the City Council. He stated the proposed rates have been reviewed by Mr. Conboy and other members of the Blight Committee and all the Chapters listed are civil infractions and/or misdemeanors. Chief Jones went on to review the recommended fines of \$100.00 (first offense); \$200.00 (second offense); and \$400.00 (third and subsequent offense). He stated the Judge can go higher, noting there is one problem issue that has been before the Judge several times over the last couple of years; eventually if the violation doesn't get taken care of, the Judge can then hold the property owner in contempt of court. The Committee felt the fines were not quite substantial for repeat offenders. Councilman Lavender asked what the fines were previously. Chief Jones replied \$50.00, \$100.00 and \$300.00.

Councilman Lavender moved to adopt the Civil Infraction Fine Schedule, as presented, effective May 23, 2017; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

▪ **Consideration of Purchase and Issuance of Documents for the 2017 July 4th Fireworks** – Chief Jones stated Wolverine Fireworks Display, Inc., the company the City has used for several years, has sent documents for this year's fireworks at a total cost of \$7,000.00. They still continue to provide us with a continual 30 to 35 minute show. He noted the documents are signed by himself or the City Manager with the Mayor signing the Fireworks Permit. Mayor Pro Tem Couture inquired if we have ever asked the County for help. Chief Jones replied the County has not specifically been asked, but fundraisers have been done in the past, as well as donation cans. He then stated the County would have to share with all cities and villages in the County.

Councilman Lavender moved to approve the purchase of fireworks in the amount of \$7,000.00 from Wolverine Fireworks Display, Inc., authorize the Firework Display Permit, to be signed by Mayor Bronson, and authorize the City Manager to sign the Hold Harmless Agreement; supported by Councilman Temple. A roll call vote was taken; motion carried unanimously.

Public Comments: None.

City Clerk's and Treasurer's Comments:

▪ **City Budget Public Hearing in June** – Clerk/Treasurer Kwiatkowski reported a public hearing will be held in June on the upcoming City Budget. Mayor Pro Tem Couture asked when Council will receive the Preliminary Budget. Clerk/Treasurer Kwiatkowski replied Council already has copies. He then informed Council, as he has in the past, the former City Manager handed him the budget and all the budgets for are basic day-to-day operations so things like vehicles, capital outlay and roofs are not

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in the Budget, but the Budget can always be amended. Councilman Lavender stated when they had a budget meeting they talked about having a wage and salary resolution, asking if this is going to be presented at some point. Clerk/Treasurer Kwiatkowski replied no, stating they have never since he has been here, adding Councilman Lavender is speaking on what the County does. We have the two vehicles and contracts for AFSCME and the POLC. Also, whenever there is non-union, department heads and part-time wage increases, that has always come from recommendation from the City Manager. Councilman Lavender stated they don't ever see that recommendation, it's just in the Budget and you can't get those numbers out of it. Clerk/Treasurer Kwiatkowski explained they are not in the budget because department heads, on the average, only get a raise every three to four years. Unless it is specifically brought up by the City Manager, they are not put into the budget. City Manager Eustice stated the last increases were December 2014, when he first became Interim City Manager. They have basically been frozen since that time. City Manager Eustice stated the memo that was presented in December 2014 is still the same and is probably kind of unclear. Councilman Lavender stated in the Budget meeting he thought everybody was on consensus that it be more transparent for Council to understand. Clerk/Treasurer Kwiatkowski commented they do not get automatic raises. Councilman Lavender stated that is not the point of the document, but the point so Council can see. City Manager Eustice stated he can put that information in a spreadsheet to break out all the salaries along with benefits and retirement, so we know the total cost for each of the City's managers. Mayor Pro Tem Couture commented it has been asked for – no doubt about it.

City Manager's Report:

- **James Muschell Dedication** - City Manager Eustice informed Council that this Saturday, May 27 at 11:00 a.m. there is a dedication ceremony for the former Mayor James Muschell at the County Marina. There were some folks that did fundraising to buy a marble or granite bench, which is already located at the County Marina just outside the office area. It was also in today's paper. He will speak, as well as Jeff Lawson and George Pike, a trustee on the Cheboygan Area Schools Board. Mr. Muschell was a long time School Board member, as well. One of the reasons they put the bench at the County Marina is that Mr. Muschell engineered the County Marina operation and this is where the family basically wanted it. Everyone is invited. City Manager Eustice then noted there is certainly no one else that served more on the City Council than Mr. Muschell, being Mayor in the 1960's and the 2000's. Mayor Pro Tem Couture asked if the City did a resolution or anything. City Manager Eustice replied he suggested we do a resolution after Mr. Muschell passed away, but the City Council already did that as Mayor when he went out on term limits. He thought, since he was involved with the Lincoln Avenue Bridge, maybe putting in a monument or dedicating something in his memory. The family, including Sue Muschell and Ron Tebo, went a different direction, stating they would rather do something at the County Marina and funds were raised.
- **State Street Repair** – City Manager Eustice reported the State Street repair is on schedule, noting the schedule is from May 30 until June 30. You may see the project start yet this week with the taking out of railroad tracks, curb work, etc. Councilwoman Riddle asked what portion of State Street is going to be worked on. City Manager Eustice replied two years ago MDOT did repair on State Street from the City limits to the trail, just east of Western Avenue. We are finishing from the east side of the trail to Main Street. Councilwoman Riddle asked what is being done from Main Street to the City limits going toward Alpena. City Manager Eustice replied most of that has been done and the City would never fund that because that is where U.S. 23 starts and is all MDOT's responsibility. Some of that work was done three to four years ago, although there is some area east of Duncan that needs work. Mackinaw Avenue is also MDOT's responsibility and there are areas that probably need some improvement.

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- **Corner of Lincoln Avenue and Main Street** – Councilman Temple inquired about the work that needs to be done at the corner of Lincoln Avenue and Main Street. City Manager Eustice replied Mr. Rob Hall of MDOT is supposed to be here this week; it will be done this year but does not know the exact timeframe. Mr. Hall is the Maintenance Director for MDOT and basically handles the small repair jobs. He also was the engineer that engineered that intersection and only did Lincoln Avenue and the collapsed storm sewer. When he talked to Mr. Hall this winter he could not believe the entire intersection was not done. James Granger engineered that intersection, but it all should have been done. City Manager Eustice went on to state it probably was better is was not done because of the State Street Bridge project would have damaged that intersection somewhat. Councilman Temple commented as long as people continue to ask him about that he is going to continue to ask the City Manager. City Manager Eustice then stated we have put a lot of cold patch in it, noting there is a lot of traffic going through that intersection especially during the school season with buses.
- **Taylor Street** – Councilwoman Riddle stated on Taylor Street, between Huron Street and Cuyler she knows some cold patch was put in but there are some big ruts, adding there are a lot of large semis that go down that street to either the paper mill or Louie’s coming from Western Avenue to Main Street. Also on Taylor Street, across from the alley past the Armory, there was a pile of brush alongside of the road that someone put on fire and there was glass in there. She brushed the glass off, but the brush is still on the side of the road and it was there before the close of brush pickup and it was probably overlooked. Councilman Temple asked if there is a load limit on Taylor Street. City Manager Eustice replied there must because it certainly is not a Class A road. The City will look into this as they should go down to Lincoln Avenue. Councilman Temple stated we should put signs up.
- **Huron Street Project** – City Manager Eustice stated only one bid was received on the Huron Street project, which was due May 11, from Team Elmers at 1.2 million dollars. Gordie-Fraser, our Engineer, and DPW Director Karmol are trying to cut some things in the project because it came in over the estimate. Mayor Pro Tem Couture asked where we need to be at. City Manager Eustice replied they are trying to get the construction cost down to \$940,000.00. Once this is sorted out, Team Elmers is ready to go and might start in June.
- **Community Garden** – City Manager Eustice reported the Community Garden is in its early stage. A meeting was held last week with volunteers to establish the garden, which is at the County Fairgrounds parking lot area. Councilwoman Riddle and others did work last Thursday, but there is quite a bit of work to be done. Councilwoman Riddle stated there are plots available. City Manager Eustice informed Council the Seedums Garden Club will be donating marigolds to surround the Garden to keep rabbits out. Councilwoman Riddle suggested having another meeting to do more organizational things, adding if people need plots they should contact her. She then asked the City Manager to facilitate that meeting. City Manager Eustice replied he will, adding he will have DPW Director Karmol there as he was out of town for the last meeting.
- **AFSCME and POLC Contracts** – City Manager Eustice informed Council the AFSCME and POLC Contracts both end on June 30. We are starting negotiations with the AFSCME Union on June 13 and the POLC Union we are not starting until June 27. There is not a lot that is going to change in the Contracts and does not think there is anything that is going to go through an extensive period of time and thinks they can be done by the end of June. Mayor Pro Tem Couture asked if there are any preliminary closed meetings to be held by Council. City Manager Eustice stated not necessarily with the Council, as he, the Clerk/Treasurer and Mr. Phil Nantz, the City’s Labor Attorney, will meet prior to the meetings. Clerk/Treasurer Kwiatkowski stated if Council has any concerns they could hold a closed meeting regarding their thoughts on what Council would like to see on the Contracts as far as wages and things like that. He knows the one concern that has already been voiced to him by AFSCME is health insurance because no one knows where it is going to go. Mayor Pro Tem Couture

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asked what the concern is. Clerk/Treasurer Kwiatkowski replied cost. Mayor Pro Tem Couture asked if there are caps now. Clerk/Treasurer Kwiatkowski stated right now there are State caps that we cannot exceed and need to adhere to the caps. There is a lot of frustration right now because things have changed so much; the only thing that you can afford in health care are high deductibles and high co-pay plans. Mayor Pro Tem Couture asked when the last time health care was shopped. Clerk/Treasurer Kwiatkowski replied you can shop it until the sheep come in, but every major carrier has high deductibles and co-pays and high premiums. Mayor Pro Tem Couture stated they just went through this with the schools, and that is the Clerk/Treasurer's opinion and is most likely true, and the school's is almost going to double. Another carrier came in and gave them what they had very reasonably and at the same price, for the same coverage. Clerk/Treasurer Kwiatkowski asked Mayor Pro Tem Couture to let him know who the carrier was, noting we have no problem looking at health care. Mayor Pro Tem Couture stated it has to be done every contract as it is only fair to the employee. Councilman Lavender asked if in the past has there ever been a Council Member in on negotiations. City Manager Eustice and Clerk/Treasurer Kwiatkowski both replied not that they know of, with the Clerk/Treasurer stating he would have to call former City Manager McNeil and ask. Mayor Pro Tem Couture stated he has sat in on actual negotiations, although not in a preliminary. City Manager Eustice reiterated there are not of lot issues. Mayor Pro Tem Couture stated when you get in there there might be something different. City Manager Eustice replied if that is the case then there might have to be a closed meeting.

▪ **Meeting on the Gold Front Property** – City Manager Eustice informed Council he, Mayor Bronson, Jeff Lawson and County Treasurer Buffy Weldon had a meeting this afternoon with regard to the Gold Front. The County, who in 2011 got the Gold Front back on back taxes/foreclosure, then sold it on land contract to a private investor and the County is now getting it back. The County foreclosed on the land contract with the private investor. They do not have a Deed, but should within a week. The County will then be the owners of the Gold Front again and do have the ability to bid it out again to see if any other investor might want to obtain the property. There was a long discussion because they don't want it in somebody's hands that are not going to develop it or tear it down. It has basically sat there for six years with no progress on it. Mr. Lawson stated if the County did decide to bid it out they would put contingencies as far as a timeframe and when it will be redeveloped, etc. Also, the County would like to just deed it to the City, but it would be an expense. Councilman Temple asked if it could be deeded to a demolition crew. City Manager Eustice replied they could. The City will not accept the property, as it is a minimum \$200,000.00 cost because you cannot rehabilitate it and get a return on your investment. To put the building back into a condition that is usable would cost \$600,000.00. There really isn't any kind of business to run out of there to recover that investment. City Manager then stated he and Mayor Bronson basically convinced the County that is not the best option, and in his mind the only option is to demo it. They do not know if there is asbestos in it and Mr. Lawson agreed to do some asbestos abatement to see what's in there and see what the cost of that is along with the cost of demolition. They also are considering writing a grant through the MSHDA Blight Grant Program where a County or City could get up to \$250,000.00 for blight demolition on commercial properties, but you can only use \$100,000.00 on one specific property with a match of 10%. City Manager Eustice stated he does not think that building could be torn down for \$110,000.00. Councilwoman Riddle asked if the City and County both apply for the same building. City Manager Eustice stated that's a good thought. Clerk/Treasurer Kwiatkowski stated he had a discussion the other day with Chief Jones and the Chief brought up the "bunny wall", wondering if the Gold Front building was demolished what would be on both sides of the bunny wall property. City Manager Eustice stated there is no question we need some kind of improvement, and an improvement could be just demo. Councilman Temple asked if the County gave any idea how long they will hang onto it before they will make a move on doing something with it. Mayor Pro Tem

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Couture asked if it is on the City to look for a private investor because it is in the City. City Manager Eustice commented the County wants to move quickly, as well, and it is really the responsibility of County Treasurer Weldon to deal with it. She wants something to happen quickly. Mayor Pro Tem Couture requested that Council be kept in the loop. Councilwoman Riddle asked if there is currently anything in the building next to the Gold Front. City Manager Eustice replied there is a guy operating a T-shirt shop out of there, noting that building from a project standpoint should also come down. That building (the old K of C Hall) is solid. Councilwoman Kwiatkowski asked who owns that building. City Manager Eustice replied Mr. Tony Beckett has title to the building but is selling it on land contract to Mr. Chad Socolovitch. They would sell that particular building for \$60,000.00, but the minimum for the City to repair or take the “bunny wall” down is \$30,000.00. If you start demolishing that wall you might as well keep on going. Councilwoman Riddle commented a lot of those buildings have basement and a big problem with the former Woolworth Building was the fact there was a “swimming pool” in the basement. City Manager Eustice commented there is water in the basement of the Gold Front Building, adding Mr. Lawson was in the building last week and there was a wide-open skylight (8’ x 8’) and it was raining and it just pours in rain there. It is up to the County to remedy what’s there and we will have to work with the County to come up with a good solution for that area. Councilman Lavender stated maybe this is our leverage for our recreation facilities. Mayor Pro Tem Couture stated we are going to have to open lines of communication. Councilwoman Riddle commented on the Beckett and Gold Front buildings extending to Linde Furniture and the fact that Linde’s strengthened their wall following the Carnation fire. She went on to state the property would be viable property for building something, noting it would be next to Festival Square. City Manager Eustice stated it could be a good piece of property for an investor. It looks like the wall between the Gold Front and Linde’s is a pretty clean cut unlike the “bunny wall” that has been there probably since the 1900’s and is a firewall. Councilwoman Riddle questioned City Manager Eustice stating before that the “bunny wall” was not an exterior wall. City Manager Eustice explained that the brick on the wall is not brick that is intended to be exposed to the elements. Councilwoman Riddle wonders why when the demolition was done on the former Woolworth Building they did not realize that was not exterior brick and why it was not addressed. City Manager Eustice stated at that time they did not know it was the City’s wall because it was under the roof. It was not until after Festival Square was done did they realize it.

Messages and Communications from Mayor and City Council Members:

- **Meeting at Inverness Township Hall** – Councilman Temple inquired as to the meeting tomorrow with Inverness Township. City Manager Eustice stated he will copy the information just received from Attorney Lindsay for Councilman Temple. Mayor Pro Tem Couture asked for a copy. City Manager Eustice explained there is a meeting with Inverness Township tomorrow at 2:00 p.m. with regard to the Meijer’s Project and the 425 Agreements. Our committee is meeting with their committee. Mayor Pro Tem Couture asked if another member of Council wants to sit in on that meeting for him, stating the meetings that are being put together are not something he can attend timewise. He added he really wants to be at the meetings but it is not feasible. City Manager Eustice stated there cannot be more than three Council Members, noting Mayor Bronson and Councilman Temple are part of the Committee, noting DPW Director Karmol and himself will also be in attendance. Mayor Pro Tem Couture asked for an updated e-mail as to what goes on. Councilwoman Riddle stated she looks forward to hearing a report.
- **Recreation Commission Meetings** – Mayor Pro Tem Couture inquired if there was a Recreation Commission meeting scheduled. City Manager Eustice replied there was a meeting scheduled for last Wednesday but there was no quorum. Mayor Pro Tem Couture commented “not again”. City Manager Eustice replied yes, for the second time. Mayor Pro Tem Couture asked who could not make

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it. City Manager Eustice replied members of the Commission. Mayor Pro Tem Couture then asked what the next step is to get another Commission and if the Mayor has to appoint more members. City Manager Eustice stated there is an opening and filling that may help, because they would have had a quorum with that seat filled and in attendance. City Manager Eustice stated he will have to discuss this with the Mayor. Councilman Temple asked if one has to live within the City limits. City Manager Eustice replied yes. Mayor Pro Tem Couture stated he can put some names in front of Mayor to start the discussion, adding this is important and has to happen. Mayor Pro Tem Couture than stated he would like to see some sort of action and a report before our next Council meeting. City Manager Eustice stated he will see Susan Muschell, Chairperson of the Recreation Commission, on Saturday, noting she has never missed a meeting before but has missed the last two meetings. Mayor Pro Tem Couture suggested the City Manager ask Mrs. Muschell if she wants out, thanking her for her service but it is time to move. Councilwoman Riddle asked if a Council Member can just be a liaison on the Recreation Commission and does not count as a member present. City Manager Eustice replied he thinks it does.

Adjournment:

Councilman Temple moved to adjourn the meeting at 8:52 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